

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Belleville, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
of the
Belleville Township School District
Belleville, New Jersey
For The Fiscal Year Ended June 30, 2018

Prepared by
Business Office

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INTRODUCTORY SECTION



BELLEVILLE PUBLIC SCHOOLS

Office of the Superintendent

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Richard D. Tomko, Ph.D., M.J.
Superintendent of Schools

January 30, 2019

Honorable President and
Members of the Board of Education
Belleville School District
Essex County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Belleville School District for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes management discussion and analysis (MD&A), the basic financial statements and schedules, as well as the auditor's report thereon. The MD&A of the District's financial activities is added to this section under GASB 34 to introduce the basic financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the Uniform Administrative requirements, cost principles, and audit requirements for federal awards (Uniform Guidance) and the N.J. Treasury Circular OMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments."

Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Belleville School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Belleville Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2017/2018 fiscal year with an enrollment of 4,495 students, which is 2.01% more than previous year's enrollment. The district's student enrollment over the last two years is 4,465 students in 2016-2017 and 4,593 students in 2015-2016.

2. ECONOMIC CONDITION AND OUTLOOK: The Township has little undeveloped land and, accordingly, any new industry will have to be a replacement to existing establishments.

3. MAJOR INITIATIVES: Curricula changes have been consistent with the five-year curricula cycle to ensure continuity in programming and proper funding distribution to meet the needs of anticipated curricula changes and implementation of such. Curricula initiatives, and the technology use to support such, have been supported by continuous and ongoing professional development for instructional staff and administration, as needed. To support 21st Century learning initiatives, the district has continued to purchase technology devices (laptop carts, chrome books, interactive TVs) to prepare and support the 2018-19 one-to-one initiative in grades two through twelve. The district continues to utilize our data collection program (OnCourse Analytics) to compile information from our teacher lesson plans, teacher observations, student information system, discipline records, standardized test scores, and district benchmark assessments to present clear and unambiguous data streams to staff and administration to steer instruction and curricula. The use of a district-wide benchmark assessment tool (OnCourse Assessment) allows staff to monitor and adjust both individual and whole-class learning as per the data outputs. To support this, four additional instructional coaches have been added to ensure sustainability of best pedagogical practices throughout the district. The instructional coaches have engaged in various professional development learning activities that include, but are not limited to, individual teaching and learning cycles with staff members; data analysis with district stakeholders (building administrators, teachers, and district administrators); and turnkey project leads such as the revisit to the elementary Wonders ELA program to better support reading and writing as per Teacher's College Readers/Writers Workshop. To compliment any such academic elementary initiatives, all elementary schools have instituted a twenty-five minute "period" at the beginning of their school day to provide breakfast to our students. During this period students are also engaged in remedial programs to meet the needs of individual students (R.I.S.E. program). To further meet the social-emotional needs of our students, Belleville Middle School has initiated a student "drop-in" center complimenting the drop-in center already in existence at the high school. Both drop-in centers will serve students that are struggling with social-emotional situations to allow the time needed for our guidance counselors to focus on student academic progress and growth. The high school guidance department will be utilizing programs (Naviance) to compile academic records for students in an effort to expedite the college application process. Such programs will complement our SAT preparation classes that will be offered beyond the traditional school day. Additional data collection programs will be initiated to track our upcoming graduation community service requirement (x2VOL). Credit recovery initiatives will continue at the high school level to allow students to progress towards graduation in addition to their school attendance (BUCS Program, Online Educere, Summer School-MS & HS). To enhance instruction, the district will continue to form formal partnerships with colleges and universities to allow students to accumulate college credits while in Belleville High School. Academic advancement beyond course offerings will be possible through Educere as well. Option II credit opportunities will continue to expand and work with community organizations to allow for student learning beyond curricula offerings. The district will also begin a Student Learning Experience (SLE) program to introduce students into the workforce.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. The district was assigned a state monitor by the Department of Education based on a prior year general fund deficit. The Board of Education worked with the state monitor to ensure that the administration maintained appropriate internal controls. The process resulted in a positive fiscal year ending with a budgetary basis surplus balance at June 30, 2018.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROL: In addition to internal accounting controls, the District is obligated to maintain budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. Annual appropriated budgets are adopted for the general fund, and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance as of June 30, 2018.

The district submitted a Corrective Action Plan to the Executive County Superintendent dated December 19, 2017 regarding findings from the 2016-17 audit. The plan included areas of administrative practices and procedures; school purchasing practices; student activities; athletic advisory council; application for State School Aid; student transportation; facilities and capital assets; and status of prior year audit findings and recommendations. The superintendent, state monitor, business administrator, board of education and administration addressed these issues which were identified in the correction plan. The plan was defined by Action required by the Board, Method of Implementation, position responsible for implementation, and target date for implementation.

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1. The district filed appropriate monthly financial reports for the 2017-18 school year which were available to the public. District staffing was monitored closely to reflect the educational needs at all schools. Monthly student enrollment and staffing were compared for adequacy. The district reorganized the registration and residency process to validate home addresses and insure that incoming students would attend the proper school. The Board approved administrative changes and budgetary transfers to insure the fiscal year would not end in a deficit. The State Monitor attended public meetings and with the Superintendent reported the financial condition and board action to the Essex County Executive Superintendent of school.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District did meet its responsibility for sound financial management. The following schedule presents a summary of the general fund revenues from local and state sources, and federal revenue grant funds for the fiscal year ended June 30, 2018:

<u>Revenues</u>	<u>Amount</u>	<u>% of Total</u>
Local	\$40,333,611	52.4%
State Sources	36,543,365	47.4%
Federal Sources	<u>146,489</u>	<u>0.2%</u>
Total	<u>\$77,023,465</u>	<u>100.0%</u>

The following schedule presents a summary of the general fund expenditures based on instruction, support service, capital expenditure and lease payments (debt service) to fund building projects, technology upgrades, and transportation. The schedule represents expenditures for the fiscal year ending June 30, 2018:

<u>Expenditures</u>	<u>Amount</u>	<u>% of Total</u>
Current Expenditures:		
Instruction	\$46,483,556	61.0%
Support Services	27,009,261	35.5%
Capital Outlay	520,861	0.7%
Debt Service	<u>2,151,761</u>	<u>2.8%</u>
Total Expenditures	<u>\$ 76,165,439</u>	<u>100.0%</u>

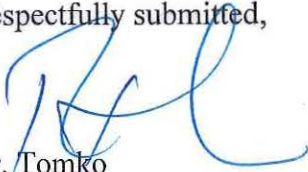
8. DEBT ADMINISTRATION: On June 30, 2018 the District had \$48,536,000 in serial bonds. The District issued serial bonds in September 2018 to finance the 2017 referendum projects. The district also has outstanding capital leases totaling \$2,811,727 at June 30, 2018.

9. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in the "Notes to the Financial Statements". The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds

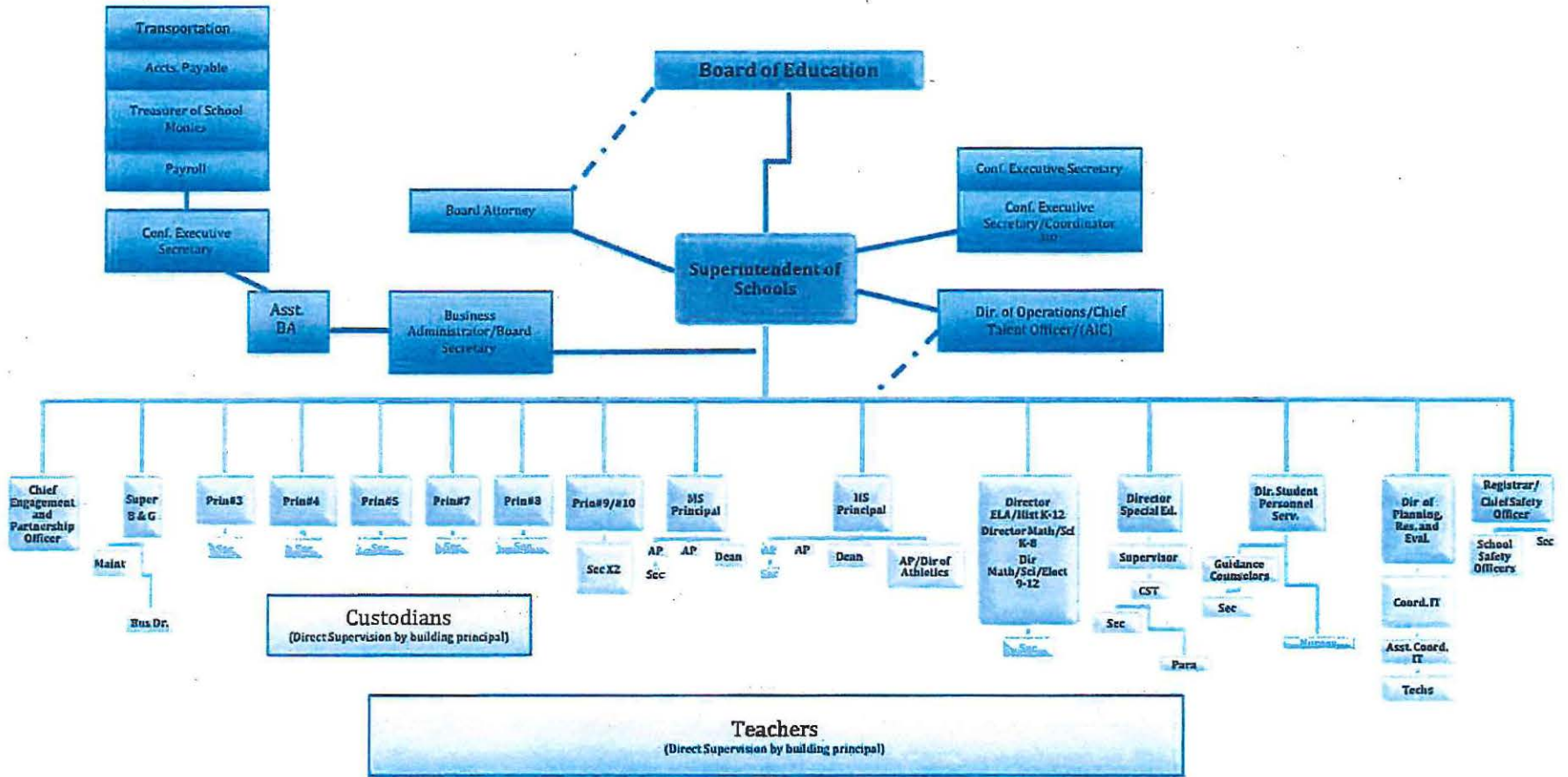
11. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related Uniform Administrative requirements, cost principles, and audit requirements for federal awards (Uniform Guidance) and N.J. Treasury Circular Letter OMB 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,



Dr. Tomko
Superintendent of Schools

POLICY 1110 Organizational Chart



BELLEVILLE TOWNSHIP SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2018

Members of the Board of Education

Term Expires December 31

Christine Lamparello, President	2019
Nelson Barrera, Vice President	2019
Thomas Graziano	2020
Thomas Grolimond	2020
Erika Jacho	2021
Liza Lopez	2020
Michael Sheldon	2021

Other Officials

Richard D. Tomko, Ph.D., Superintendent of Schools

Matthew Paladino, Board Secretary, School Business Administrator

Debra Besold, Treasurer of School Monies

Schwartz Simon Edelstein Celso, Esqs., Board Attorney

Thomas Egan, State Monitor

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Belleville Township School District
Belleville, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Belleville Township School District as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Belleville Township School District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Belleville Township School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Belleville Township School District's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Belleville Township School District.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 30, 2019 on our consideration of the Belleville Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Belleville Township School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Belleville Township School District's internal control over financial reporting and compliance.

Lerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants



Jeffrey C. Bliss

Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey
January 30, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I
MANAGEMENT’S DISCUSSION AND ANALYSIS

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

This section of Belleville Township School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the District's financial statements and notes to the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2017-2018 fiscal year include the following:

- The liabilities and deferred inflows of resources of the Belleville Township School District exceeded its assets and deferred outflows of resources at the close of the fiscal year resulting in a net position deficit of \$11,880,921.
- The District's total net position increased by \$1,761,100 or 13%.
- Overall District revenues were \$96,823,080. General revenues accounted for \$63,914,719 or 66% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$32,908,361 or 34% of total revenues.
- The school district had \$93,154,963 in expenses for governmental activities; only \$31,001,655 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted state and federal aid) of \$63,912,428 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$49,724,888. Of this amount, \$50,004,137 is restricted for capital projects, \$228,536 is restricted for required maintenance projects, \$686,701 is assigned to year end encumbrances, \$720,995 is assigned and designated for subsequent year's expenditures and the remaining amount is the unassigned fund deficit of \$1,915,481.
- The General Fund fund balance at June 30, 2018 was \$2,106,900, an increase of \$1,479,758 compared to the ending fund balance at June 30, 2017 of \$627,142.
- The General Fund budgetary fund balance at June 30, 2018 was \$5,135,152, which represents an increase of \$1,622,395 compared to the ending budgetary fund balance at June 30, 2017 of \$3,512,757.
- The District's governmental activities capital assets, net increased by \$1,059,256 during the current fiscal year.
- The District's governmental activities long-term liabilities increased by \$42,869,725 during the current fiscal year. This increase is primarily attributable to the issuance of school bonds for the financing of the approved 2017 referendum capital projects.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

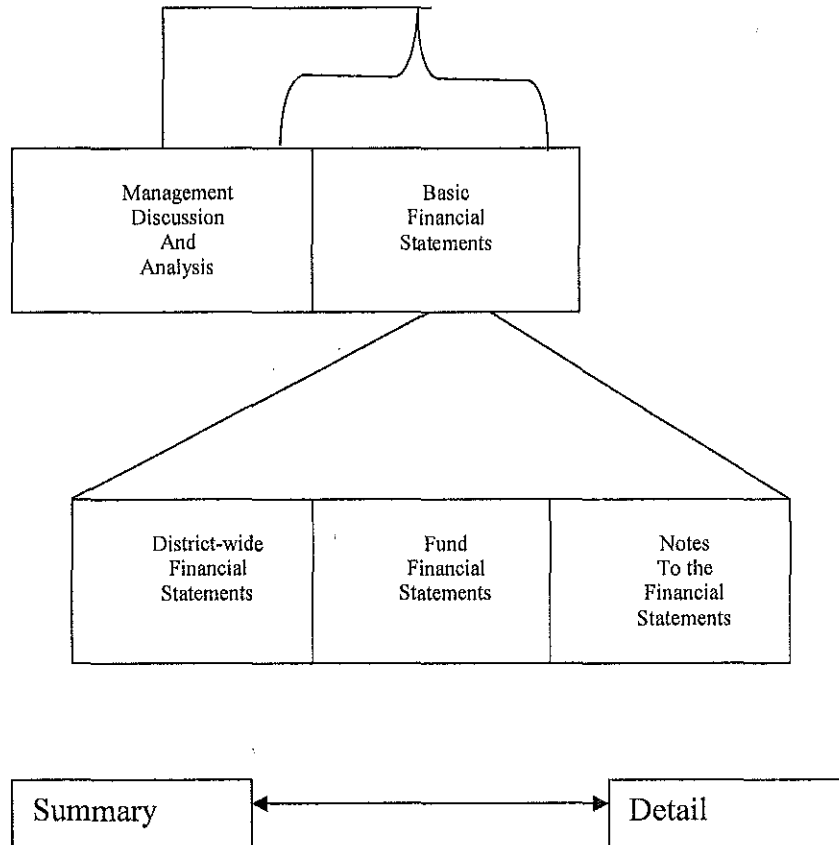
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following shows how the various parts of this Annual Report are arranged and related to one another.



BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

The table below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district(except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Enterprise Funds	Instances in which the district administers resources on behalf of someone else, such as unemployment compensation, student activities and payroll activities
Required financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures and Changes in Fund Balances	Statement of Net position Statement of Revenue, Expenses, and Changes in Fund Net Position, Statement of Cash Flows	Statement of Fiduciary Net Position. Statement of Change In Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset, liability and deferred inflows/outflows information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and Long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities and deferred inflows, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial condition is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and plant operation and maintenance. Property taxes and Federal and State aid finance most of these activities.
- *Business type activities* – These are activities for operations that are financed and operated in a manner similar to private business enterprises. The District's food services (cafeteria) program is included under this category.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial resources* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
 - *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has one enterprise fund for its food service (cafeteria) program.
 - *Internal Service Funds* – This fund is established to account for activities that provide services primarily for the District's other programs and activities. The District currently uses an internal service fund to account for its worker's compensation self-insurance program. Because these services benefit governmental rather than business-type functions, they have been included in *governmental activities* in the district-wide financial statements.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets and other resources that belong to others. The District is responsible for ensuring that the assets and other resources reported in these funds are used only for their intended purposes and by those to whom they belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these resources to finance its operations.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for the general and special revenue funds as required supplementary information. Information regarding the District's employee retirement systems and pension plans, as well as, the post-retirement medical benefits plan has also been provided as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons and pension information.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position deficit was \$11,880,921 on June 30, 2018 and \$13,642,021 on June 30, 2017 as follows:

Net Position As of June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	\$ 52,616,678	\$ 3,109,906	\$ 258,773	\$ 309,618	\$ 52,875,451	\$ 3,419,524
Capital Assets	11,610,296	10,551,040	60,758	101,892	11,671,054	10,652,932
Total Assets	<u>64,226,974</u>	<u>13,660,946</u>	<u>319,531</u>	<u>411,510</u>	<u>64,546,505</u>	<u>14,072,456</u>
Deferred Outflows of Resources	<u>5,010,976</u>	<u>6,404,540</u>	-	-	<u>5,010,976</u>	<u>6,404,540</u>
Liabilities						
Long-Term Liabilities	73,062,398	30,192,673			73,062,398	30,192,673
Other Liabilities	3,282,057	1,763,851	95,544	186,145	3,377,601	1,949,996
Total Liabilities	<u>76,344,455</u>	<u>31,956,524</u>	<u>95,544</u>	<u>186,145</u>	<u>76,439,999</u>	<u>32,142,669</u>
Deferred Inflows of Resources	<u>4,994,744</u>	<u>1,969,331</u>	<u>3,659</u>	<u>7,017</u>	<u>4,998,403</u>	<u>1,976,348</u>
Net Position						
Net Investment in Capital Assets	8,129,551	7,066,551	60,758	101,892	8,190,309	7,168,443
Restricted	2,629,937	1,694,143			2,629,937	676,149
Unrestricted	<u>(22,860,737)</u>	<u>(22,621,063)</u>	<u>159,570</u>	<u>116,456</u>	<u>(22,701,167)</u>	<u>(22,504,607)</u>
Total Net Position	<u>\$ (12,101,249)</u>	<u>\$ (13,860,369)</u>	<u>\$ 220,328</u>	<u>\$ 218,348</u>	<u>\$ (11,880,921)</u>	<u>\$ (13,642,021)</u>

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position represents amounts reserved for specific purposes by outside parties or statutory requirements. Unrestricted net position represents amounts available to the government that are neither restricted nor invested in capital assets.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

The District's deficit in total net position of \$11,880,921 at June 30, 2018 represents a \$1,761,100 or a 13% increase in net position from the prior year deficit of \$13,642,021. The following presents the changes in net position for the fiscal years ended June 30, 2018 and 2017.

Changes in Net Position
For the Fiscal Years Ended June 30, 2018 and 2017

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services and Sales	\$ 181,187	\$ 181,435	\$ 643,355	\$ 650,743	\$ 824,542	\$ 832,178
Operating Grants and Contributions	30,712,757	29,122,236	1,263,351	1,428,598	31,976,108	30,550,834
Capital Grants and Contributions	107,711	154,984			107,711	154,984
General Revenues						
Property Taxes	39,764,229	38,667,832			39,764,229	38,667,832
State and Federal Aid - Unrestricted	23,411,569	22,523,414			23,411,569	22,523,414
Miscellaneous Income	736,630	161,086	2,291	536	738,921	161,622
Total Revenues	94,914,083	90,810,987	1,908,997	2,079,877	96,823,080	92,890,864
Expenses						
Instruction						
Regular	38,611,186	37,115,854			38,611,186	37,115,854
Special Education	16,017,452	15,165,972			16,017,452	15,165,972
Other Instruction	3,869,094	4,457,171			3,869,094	4,457,171
School Sponsored Activities and Athletics	1,378,097	1,125,987			1,378,097	1,125,987
Support Services						
Student and Instruction Related Services	10,418,561	10,249,971			10,418,561	10,249,971
General Administrative Services	2,342,139	2,305,809			2,342,139	2,305,809
School Administrative Services	7,356,090	7,664,156			7,356,090	7,664,156
Central Administrative Services	1,788,962	1,813,496			1,788,962	1,813,496
Plant Operations and Maintenance	7,766,723	6,853,846			7,766,723	6,853,846
Pupil Transportation	3,052,265	2,946,159			3,052,265	2,946,159
Interest on Long-Term Debt	554,394	115,860			554,394	115,860
Food Services	-	-	1,907,017	2,174,321	1,907,017	2,174,321
Total Expenses	93,154,963	89,814,281	1,907,017	2,174,321	95,061,980	91,988,602
Change in Net Position	1,759,120	996,706	1,980	(94,444)	1,761,100	902,262
Net Position, Beginning of Year	(13,860,369)	(14,857,075)	218,348	312,792	(13,642,021)	(14,544,283)
Net Position, End of Year	\$ (12,101,249)	\$ (13,860,369)	\$ 220,328	\$ 218,348	\$ (11,880,921)	\$ (13,642,021)

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

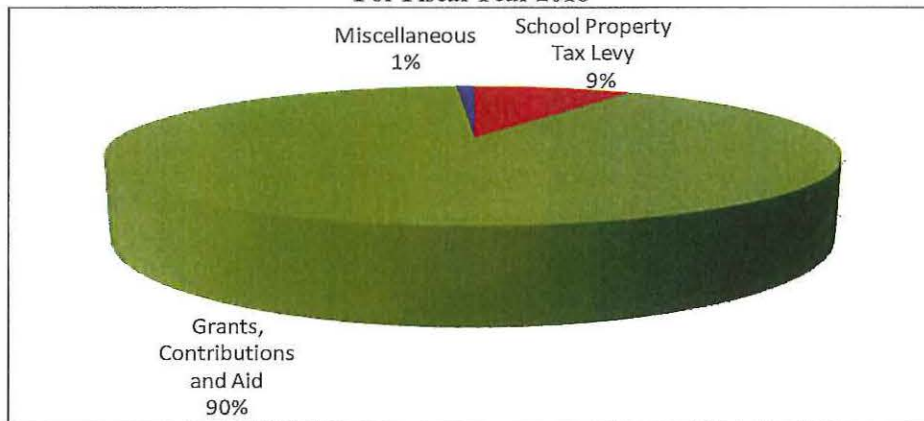
Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$94,914,083 for the fiscal year ended June 30, 2018. Property taxes of \$39,764,229 represented 42% of revenues. Another significant portion of revenues came from grants and contributions and unrestricted state and federal aid which totaled \$54,232,037 or 57% of revenues. In addition, charges for services from tuition as well as general revenue from miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 1% of revenues.

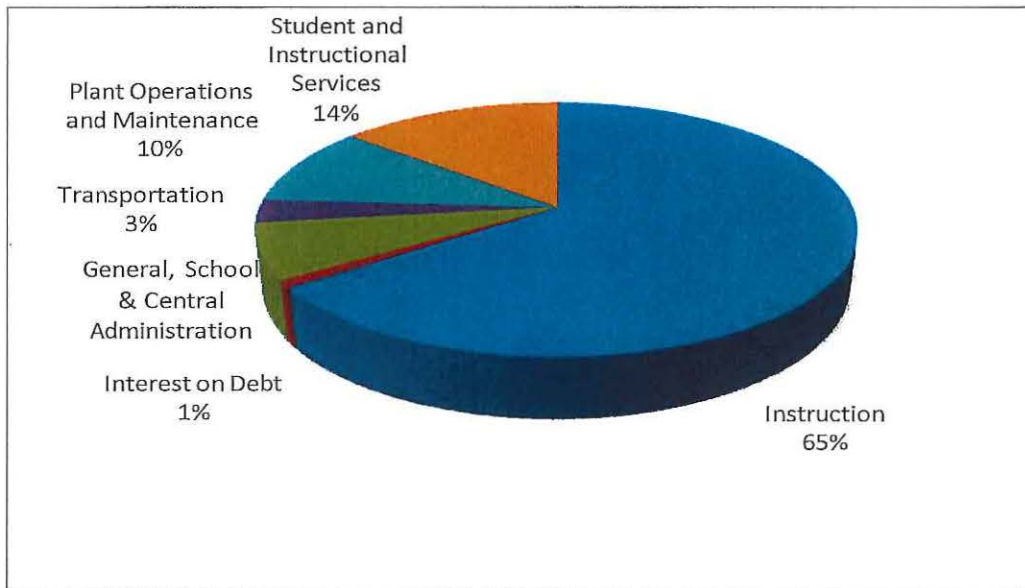
The total cost of all governmental activities programs and services was \$93,154,963 for the fiscal year ended June 30, 2018. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$59,875,829 (64%) of total expenses. Support services costs were \$32,724,740 (35%) of total expenses and interest on debt totaled \$554,394, (1%) of total expenses.

For fiscal year 2018, total governmental activities revenues exceeded expenses increasing net position for governmental activities by \$1,759,120 from the previous year's balance.

**Revenues by Sources – Governmental Activities
For Fiscal Year 2018**



**Expenses by Type-Governmental Activities
For Fiscal Year 2018**



BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

Net Cost of Governmental Activities. The District's total cost of services was \$93,154,963. After applying program revenues, derived from operating and capital grants and contributions of \$30,820,468 and charges for services of \$181,187, the net cost of services of the District was \$62,153,308 for the fiscal year ended June 30, 2018.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction:				
Regular	\$ 38,611,186	\$ 37,115,854	\$ 24,688,569	\$ 23,081,242
Special Education	16,017,452	15,165,972	8,049,207	7,840,206
Other Instruction	3,869,094	4,457,171	2,433,799	2,763,770
School Sponsored Activities and Athletics	1,378,097	1,125,987	933,506	1,125,987
Support Services:				
Student & Instruction Related Services	10,418,561	10,249,971	7,462,814	6,937,844
General Administrative Services	2,342,139	2,305,809	1,934,423	2,188,361
School Administrative Services	7,356,090	7,664,156	5,038,942	5,358,202
Central Administrative Services	1,788,962	1,813,496	1,479,224	1,759,133
Plant Operations and Maintenance	7,766,723	6,853,846	6,981,690	6,525,704
Pupil Transportation	3,052,265	2,946,159	2,596,740	2,659,317
Interest on Long Term Debt	554,394	115,860	554,394	115,860
Total	\$ 93,154,963	\$ 89,814,281	\$ 62,153,308	\$ 60,355,626

Business-Type Activities – The District's total business-type activities revenues were \$1,908,997 for the fiscal year ended June 30, 2018. Charges for services of \$643,355 accounted for 34% of total revenues and operating grants and contributions of \$1,263,351 accounted for 66% of total revenues.

Total cost of all business-type activities programs and services was \$1,907,017 for the fiscal year ended June 30, 2018.

For fiscal year 2018, total business-type activities revenues exceeded expenses, increasing net position by \$1,980 or 1% compared to the previous year.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$49,724,888 at June 30, 2018, an increase of \$48,342,638 from last year's fund balance of \$1,382,250. This increase is primarily attributable to the issuance of school bonds during the fiscal year to finance the 2017 approved referendum for various school facility improvements.

Revenues for the District's governmental funds were \$80,058,585, while total expenditures were \$80,658,870 for the fiscal year ended June 30, 2018. In addition, other financing sources of \$48,942,923 were realized from bond and lease proceeds.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from Pre-K through 12 including pupil transportation, extra-curricular activities and plant operation and maintenance costs.

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Local Sources:				
Property Tax Levy	\$ 39,764,229	\$ 38,667,832	\$ 1,096,397	3%
Tuition	181,187	181,435	(248)	329%
Miscellaneous	388,195	157,046	231,149	147%
State Sources	36,543,365	34,520,252	2,023,113	6%
Federal Sources	<u>146,489</u>	<u>263,041</u>	<u>(116,552)</u>	-44%
Total General Fund Revenues	<u>\$ 77,023,465</u>	<u>\$ 73,789,606</u>	<u>\$ 3,233,859</u>	4%

For fiscal year 2018, total General Fund revenues increased \$3,233,859 or 4% from the previous year. Property taxes increased \$1,096,397 or 3% to support increases in operating costs. As indicated, State aid increased 6% mainly attributable to on behalf pension contributions made by the State for the District's teaching professionals.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Instruction	\$ 46,483,556	\$ 44,035,395	\$ 2,448,161	6%
Support Services	27,009,261	26,765,374	243,887	1%
Debt Service	2,151,761	1,899,129	252,632	13%
Capital Outlay	<u>520,861</u>	<u>241,589</u>	<u>279,272</u>	116%
Total Expenditures	<u>\$ 76,165,439</u>	<u>\$ 72,941,487</u>	<u>\$ 3,223,952</u>	4%

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

GENERAL FUND (Continued)

For fiscal year 2018, total General Fund expenditures increased \$3,223,952 or 4% over the previous year. Increases in regular instruction costs, plant operation and maintenance support costs, debt service and capital outlay were offset by reductions in general, school and central administrative support service costs in the current year.

In fiscal year 2018 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$1,479,758. Therefore, the total fund balance increased to \$2,106,900 at June 30, 2018. After deducting restricted and assigned fund balances, the unassigned fund deficit increased from \$1,845,705 at June 30, 2017 to \$1,915,481 at June 30, 2018.

General Fund Budgetary Highlights

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the budgetary basis of accounting for revenues, expenditures and encumbrances. The most significant difference between the budgetary basis of accounting and generally accepted accounting principles is the legally mandated revenue recognition of certain delayed or deferred state aid payments. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made through the reappropriation of prior year encumbrances and budget transfers to prevent over expenditures in specific line item accounts.

For fiscal year 2018 General Fund budgetary revenues and other financing sources exceeded budgetary expenditures and other financing uses increasing budgetary fund balance \$1,622,395 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$72,861, from a fund balance of \$1,039,910 at June 30, 2017 to a fund balance of \$1,112,771 at June 30, 2018. In addition, the District increased its restricted capital reserve fund balance to \$2,386,149 at June 30, 2018, and the maintenance reserve to \$228,536 at June 30, 2018.

CAPITAL ASSETS

At the end of fiscal year 2018, the District had 11,610,296 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$60,758 for business type activities. The following is a comparison of the June 30, 2018 and 2017 balances:

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

Capital Assets
(Net of Accumulated Depreciation)
at June 30, 2018 and 2017

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$ 225,057	\$ 225,057			\$ 225,057	\$ 225,057
Construction in Progress	1,619,579	46,211			1,619,579	46,211
Land Improvements	10,255	10,938			10,255	10,938
Buildings and Improvements	8,595,551	9,266,426			8,595,551	9,266,426
Furniture, Equipment and Vehicles	1,159,854	1,002,408	\$ 60,758	\$ 101,892	1,220,612	1,104,300
Total Capital Assets, Net	\$ 11,610,296	\$ 10,551,040	\$ 60,758	\$ 101,892	\$ 11,671,054	\$ 10,652,932

Additional information on the District's capital assets is presented in Note 3 of this report.

LONG TERM LIABILITIES

At June 30, 2018 the District had \$73,062,398 of total outstanding long-term liabilities for governmental activities. Of this amount, \$48,536,000 is for bonds payable, \$2,811,727 is for capital leases and lease-purchase agreements, \$1,581,866 is for compensated absences, \$2,913,697 is for the state aid advance loan payable and \$17,219,108 is for the District's net pension liability. The following is a comparison of the June 30, 2018 and 2017 balances:

**Outstanding Long-Term Liabilities
as of June 30, 2018 and 2017**

	Governmental Activities	
	2018	2017
Bonds Payable	\$ 48,536,000	
Capital Leases/Lease Purchases	2,811,727	\$ 4,125,259
Compensated Absences	1,581,866	1,549,016
State Aid Advance Loan Payable	2,913,697	3,329,940
Net Pension Liability	17,219,108	21,188,458
Total	\$ 73,062,398	\$ 30,192,673

Additional information of the District's long-term liabilities is presented in Note 3 of this report.

FACTORS BEARING ON THE DISTRICT'S FUTURE

While many factors influence the District's future, the availability of funding for increased enrollment, staffing needs, facility improvements, the District's financial condition and the economy will have the most impact on educational and fiscal decisions in the future.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2018

Many factors were considered by the District's administration during the process of developing the fiscal year 2018-2019 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2018-2019. Budgeted expenditures in the General Fund increased approximately 5% to \$69,947,207 for fiscal year 2018-2019. Increases in State aid funded the majority of the increase in budgeted expenditures.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Belleville Township School District, 102 Passaic Ave., Belleville, NJ 07109.

DISTRICT-WIDE FINANCIAL STATEMENTS

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 14,753,839	\$ 53,145	\$ 14,806,984
Investments	36,673,261		36,673,261
Receivables, Net	592,101	201,365	793,466
Internal Balances	17,418	(17,418)	
Inventory		21,681	21,681
Restricted Assets			
Cash and Cash Equivalents with Fiscal Agent	580,059		580,059
Capital Assets, Not Being Depreciated	1,844,636		1,844,636
Capital Assets, Being Depreciated, Net	<u>9,765,660</u>	<u>60,758</u>	<u>9,826,418</u>
Total Assets	<u>64,226,974</u>	<u>319,531</u>	<u>64,546,505</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>5,010,976</u>	-	<u>5,010,976</u>
Total Deferred Outflows of Resources	<u>5,010,976</u>	-	<u>5,010,976</u>
Total Assets and Deferred Outflows of Resources	<u>69,237,950</u>	<u>319,531</u>	<u>69,557,481</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	2,679,050	87,350	2,766,400
Payable to Other Governments	45,091		45,091
Accrued Interest Payable	497,862		497,862
Unearned Revenue	60,054	8,194	68,248
Noncurrent Liabilities			
Due Within One Year	1,908,392		1,908,392
Due Beyond One Year	<u>71,154,006</u>	-	<u>71,154,006</u>
Total Liabilities	<u>76,344,455</u>	<u>95,544</u>	<u>76,439,999</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	4,994,744		4,994,744
Deferred Commodities Revenue	<u>-</u>	<u>3,659</u>	<u>3,659</u>
Total Deferred Inflows of Resources	<u>4,994,744</u>	<u>3,659</u>	<u>4,998,403</u>
Total Liabilities and Deferred Inflows of Resources	<u>81,339,199</u>	<u>99,203</u>	<u>81,438,402</u>
NET POSITION			
Net Investment in Capital Assets	8,129,551	60,758	8,190,309
Restricted for:			
Capital Projects	2,401,401		2,401,401
Plant Maintenance	228,536		228,536
Unrestricted	<u>(22,860,737)</u>	<u>159,570</u>	<u>(22,701,167)</u>
	<u>\$ (12,101,249)</u>	<u>\$ 220,328</u>	<u>\$ (11,880,921)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental Activities:							
Instruction:							
Regular	\$ 38,611,186	\$ 120,091	\$ 13,733,526	\$ 69,000	\$ (24,688,569)		\$ (24,688,569)
Special Education	16,017,452	61,096	7,888,306	18,843	(8,049,207)		(8,049,207)
Other Instruction	3,869,094		1,435,295		(2,433,799)		(2,433,799)
School Sponsored Activities and Athletics	1,378,097		444,591		(933,506)		(933,506)
Support Services:							
Student & Instruction Related Services	10,418,561		2,935,879	19,868	(7,462,814)		(7,462,814)
General Administrative Services	2,342,139		407,716		(1,934,423)		(1,934,423)
School Administrative Services	7,356,090		2,317,148		(5,038,942)		(5,038,942)
Central Administrative Services	1,788,962		309,738		(1,479,224)		(1,479,224)
Plant Operations and Maintenance	7,766,723		785,033		(6,981,690)		(6,981,690)
Pupil Transportation	3,052,265		455,525		(2,596,740)		(2,596,740)
Interest on Long Term Debt	554,394	-	-	-	(554,394)	-	(554,394)
Total Governmental Activities	93,154,963	181,187	30,712,757	107,711	(62,153,308)	-	(62,153,308)
Business-Type Activities:							
Food Service	1,907,017	643,355	1,263,351	-	-	\$ (311)	(311)
Total Business-Type Activities	1,907,017	643,355	1,263,351	-	-	(311)	(311)
Total Primary Government	\$ 95,061,980	\$ 824,542	\$ 31,976,108	\$ 107,711	(62,153,308)	(311)	(62,153,619)

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Continued

The accompanying Notes to Financial Statements are an integral part of this statement.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Net (Expense) Revenue and Changes in Net Position		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Property Taxes:			
Levied for General Purposes	\$ 39,764,229		\$ 39,764,229
Unrestricted State & Federal Aid	23,411,569		23,411,569
Miscellaneous Income	736,630	\$ 2,291	738,921
Total General Revenues	63,912,428	2,291	63,914,719
Change in Net Position	1,759,120	1,980	1,761,100
Net Position, Beginning of Year	(13,860,369)	218,348	(13,642,021)
Net Position, End of Year	\$ (12,101,249)	\$ 220,328	\$ (11,880,921)

FUND FINANCIAL STATEMENTS

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,533,612		\$ 11,890,442	\$ 14,424,054
Investments			36,673,261	36,673,261
Receivables From Other Governments	248,902	\$ 328,734		577,636
Other Receivables	2,434			2,434
Due from Other Funds	788,348			788,348
Restricted Assets				
Cash and Cash Equivalents with Fiscal Agent	-	-	580,059	580,059
Total Assets	<u>\$ 3,573,296</u>	<u>\$ 328,734</u>	<u>\$ 49,143,762</u>	<u>\$ 53,045,792</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 1,408,606	\$ 111,412	\$ 880,705	\$ 2,400,723
Accrued Salaries and Wages	57,790			57,790
Due to Other Funds		112,177	645,069	757,246
Payable to State Government		45,091		45,091
Unearned Revenue	-	60,054	-	60,054
Total Liabilities	<u>1,466,396</u>	<u>328,734</u>	<u>1,525,774</u>	<u>3,320,904</u>
Fund Balances				
Restricted				
Capital Reserve	2,386,149			2,386,149
Maintenance Reserve	228,536			228,536
Capital Projects			47,617,988	47,617,988
Assigned				
Year End Encumbrances	686,701			686,701
Designated for Subsequent Year's Expenditures	720,995			720,995
Unassigned	<u>(1,915,481)</u>	<u>-</u>	<u>-</u>	<u>(1,915,481)</u>
Total Fund Balances	<u>2,106,900</u>	<u>-</u>	<u>47,617,988</u>	<u>49,724,888</u>
Total Liabilities and Fund Balances	<u>\$ 3,573,296</u>	<u>\$ 328,734</u>	<u>\$ 49,143,762</u>	<u>\$ 53,045,792</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

Total Fund Balances - Governmental Funds (Exhibit B-1) **\$ 49,724,888**

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$27,526,855 and the accumulated depreciation is \$15,916,559.

11,610,296

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources in the statement of the net position and amortized over future years.

Deferred Outflows of Resources	\$ 5,010,976	
Deferred Inflows of Resources	<u>(4,994,744)</u>	

16,232

The District has financed capital assets through the issuance of serial bonds, long-term lease obligations, and notes. The interest accrual at year end is:

(497,862)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds

General Obligation Bonds	(48,536,000)	
Capital Leases	(2,547,481)	
Lease-Purchase Agreements	(264,246)	
State Aid Advance Loan Payable	(2,913,697)	
Compensated Absences	(1,581,866)	
Net Pension Liability	<u>(17,219,108)</u>	

(73,062,398)

Internal service funds are used by management to charge the costs of certain worker's compensation claims. The assets and liabilities of the internal service fund is included in the governmental activities in the statement of net assets

107,595

Net Position of Governmental Activities (Exhibit A-1)

\$ (12,101,249)

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Property Tax Levy	\$ 39,764,229			\$ 39,764,229
Tuition	181,187			181,187
Miscellaneous	388,195	\$ 48,288	\$ 217,465	653,948
Total - Local Sources	40,333,611	48,288	217,465	40,599,364
State Sources	36,543,365	78,091		36,621,456
Federal Sources	146,489	2,691,276	-	2,837,765
Total Revenues	77,023,465	2,817,655	217,465	80,058,585
EXPENDITURES				
Instruction				
Regular	29,716,373	1,250,323		30,966,696
Special Education	12,672,878	1,141,807		13,814,685
Other Instruction	2,983,380	58,115		3,041,495
School Sponsored Activities and Athletics	1,110,925			1,110,925
Support Services				
Student and Instruction Related Services	8,397,943	259,699		8,657,642
General Administrative Services	2,097,127			2,097,127
School Administrative Services	5,882,759			5,882,759
Central Administrative Services	1,584,020			1,584,020
Plant Operations and Maintenance	6,255,547			6,255,547
Pupil Transportation	2,791,865			2,791,865
Debt Service				
Principal	2,059,034		77,664	2,136,698
Interest	92,727			92,727
Capital Outlay	520,861	107,711	1,598,112	2,226,684
Total Expenditures	76,165,439	2,817,655	1,675,776	80,658,870
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures	858,026	-	(1,458,311)	(600,285)
OTHER FINANCING SOURCES(USES)				
Bond Proceeds			48,536,000	48,536,000
Lease-Purchase Proceeds	402,666			402,666
Refunding Capital Lease Proceeds	181,151			181,151
Payment to Refund Capital Lease	(176,894)			(176,894)
Transfers In	214,809			214,809
Transfers Out	-	-	(214,809)	(214,809)
Total Other Financing Sources(Uses)	621,732	-	48,321,191	48,942,923
Excess of Revenues and Other Financing Sources				
Over Expenditures and Other Financing Uses	1,479,758	-	46,862,880	48,342,638
Fund Balance, Beginning of Year	627,142	-	755,108	1,382,250
Fund Balance, End of Year	<u>\$ 2,106,900</u>	<u>\$ -</u>	<u>\$47,617,988</u>	<u>\$ 49,724,888</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 48,342,638**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the period.

Capital Outlays	\$	2,226,684	
Depreciation Expense		<u>(1,167,428)</u>	1,059,256

The issuance of long term debt provides current financial resources to governmental funds, however these transactions have no effect in the statement activities.

Bond Proceeds		(48,536,000)	
Lease-Purchase Proceeds		(402,666)	
Refunding Capital Lease Proceeds		<u>(181,151)</u>	(49,119,817)

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Capital Lease Principal		1,758,929	
Lease-Purchase Agreement Principal		138,420	
State Aid Advance Loan Payable		<u>416,243</u>	2,313,592

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when paid. The accrued interest is an decrease to the reconciliation. (+) (461,667)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) and pension expense are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned or incurred amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned or incurred amount the difference is an addition to the reconciliation (+).

Net Increase in Compensated Absences		(32,850)	
Net Increase in Pension Expense		<u>(449,627)</u>	(482,477)

Internal service funds are used by management to charge the costs of certain worker's compensation claims to individual funds. The net revenue or (expenses) of certain activities of internal service funds is reported with governmental activities.

107,595

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 1,759,120**

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2018**

	<u>Business-Type Activities Enterprise Fund</u>	<u>Internal Service Fund Worker's Compensation Self-Insurance Fund</u>
	<u>Food Service</u>	
ASSETS		
Cash and Cash Equivalents	\$ 53,145	\$ 329,785
Intergovernmental Receivable	90,071	
Other Accounts Receivable	111,294	
Inventories	<u>21,681</u>	<u>-</u>
Total Current Assets	<u>276,191</u>	<u>329,785</u>
Capital Assets		
Equipment	776,276	
Accumulated Depreciation	<u>(715,518)</u>	<u>-</u>
Total Capital Assets, Net	<u>60,758</u>	<u>-</u>
Total Assets	<u>336,949</u>	<u>329,785</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	87,350	
Due To Other Funds	17,418	1,653
Claims and Judgements Payable		196,234
Accrued Liability for Insurance Claims		24,303
Unearned Revenue	<u>8,194</u>	<u>-</u>
Total Current Liabilities	<u>112,962</u>	<u>222,190</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Commodities Revenue	<u>3,659</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>116,621</u>	<u>222,190</u>
NET POSITION		
Investment in Capital Assets	60,758	
Unrestricted	<u>159,570</u>	<u>107,595</u>
Total Net Position	<u>\$ 220,328</u>	<u>\$ 107,595</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUND
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Business-Type Activities Enterprise Fund</u>	<u>Internal Service Fund Worker's Compensation Self-Insurance Fund</u>
	<u>Food Service</u>	
OPERATING REVENUES		
Local Sources		
Daily Sales - Reimbursable Programs	\$ 380,247	
Daily Sales - Non-Reimbursable Programs	252,683	
Special Events	10,425	
Miscellaneous Revenue	-	\$ 127,187
	<hr/>	
Total Operating Revenues	643,355	<hr/> 127,187
OPERATING EXPENSES		
Salaries and Employee Benefits	884,029	
Cost of Sales - Reimbursable Programs	724,078	
Cost of Sales - Non-Reimbursable Programs	104,766	
Repairs & Maintenance	17,552	
Supplies and Materials	18,681	
Other Purchased Services	35,469	
Insurance	11,989	
Management Fee	4,440	
Miscellaneous Expense	56,354	
Worker's Compensation Claims		23,375
Depreciation	49,659	-
	<hr/>	
Total Operating Expenses	1,907,017	<hr/> 23,375
Operating Income (Loss)	<hr/> (1,263,662)	<hr/> 103,812
Nonoperating Revenues		
State Sources		
State School Lunch Program	22,115	
Federal Sources		
School Breakfast Program	85,947	
National School Lunch Program	1,022,521	
Food Distribution Program	132,768	
Interest Earnings	2,291	3,783
	<hr/>	
Total Nonoperating Revenues	1,265,642	<hr/> 3,783
Changes in Net Position	1,980	107,595
Total Net Position, Beginning of Year	<hr/> 218,348	<hr/> -
Total Net Position, End of Year	<hr/> \$ 220,328	<hr/> \$ 107,595

The accompanying Notes to Financial Statements are an integral part of this statement.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Business-Type Activities Enterprise Fund</u>	<u>Internal Service Fund Worker's Compensation Self-Insurance Fund</u>
	<u>Food Service</u>	
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 546,412	\$ 127,187
Cash Payments for Employees Salaries and Benefits	(884,029)	
Cash Payments to Suppliers for Goods and Services	(935,474)	(46,248)
Net Cash Provided by (Used for) Operating Activities	<u>(1,273,091)</u>	<u>80,939</u>
Cash Flows from Noncapital Financing Activities		
Cash Received from (Paid to) Other Funds	1,460	1,653
Cash Received from State and Federal Subsidy Reimbursements	1,145,767	-
Net Cash Provided by Noncapital Financing Activities	<u>1,147,227</u>	<u>1,653</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(8,525)	-
Net Cash (Used for) Capital and Related Financing Activities	<u>(8,525)</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest Earnings Received	2,291	3,783
Net Cash Provided by Investing Activities	<u>2,291</u>	<u>3,783</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(132,098)	86,375
Cash and Cash Equivalents, Beginning of Year	185,243	243,410
Cash and Cash Equivalents, End of Year	<u>\$ 53,145</u>	<u>\$ 329,785</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	\$ (1,263,662)	\$ 103,812
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used for) Operating Activities		
Depreciation	49,659	
Non-Cash Federal Assistance-Food Distribution Program	132,768	
Change in Assets, Liabilities and Deferred Inflows of Resources		
(Increase)/Decrease in Accounts Receivable	(95,662)	
(Increase)/Decrease in Inventory	(2,235)	
Increase/(Decrease) in Accounts Payable	(89,320)	
Increase/(Decrease) in Claims and Judgements Payable		3,265
Increase/(Decrease) in Accrued Liability for Insurance Claims		(26,138)
Increase/(Decrease) in Unearned Revenue	(1,281)	
Increase/(Decrease) in Deferred Commodities Revenue	(3,358)	-
Total Adjustments	<u>(9,429)</u>	<u>(22,873)</u>
Net Cash (Used For) Operating Activities	<u>\$ (1,273,091)</u>	<u>\$ 80,939</u>
Non-Cash Invest, Capital and Financing Activities:		
Value Received - Food Distribution Program	\$ 129,410	

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2018**

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 6,032	\$ 533,807
Due from Other Funds	<u>19,360</u>	<u>-</u>
 Total Assets	 <u>\$ 25,392</u>	 <u>\$ 533,807</u>
LIABILITIES		
Due to Student Groups		\$ 163,725
Intergovernmental Payable - State	\$ 1,428	
Payroll Deductions and Withholdings		338,691
Due to Other Funds	<u>-</u>	<u>31,391</u>
 Total Liabilities	 <u>\$ 1,428</u>	 <u>\$ 533,807</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	 <u>\$ 23,964</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Contributions	
District	\$ 22,000
Employee	63,137
Investment Earnings	
Interest	<u>121</u>
Total Additions	<u>85,258</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>82,392</u>
Total Deductions	<u>82,392</u>
Change in Net Position	2,866
Net Position, Beginning of Year	<u>21,098</u>
Net Position, End of Year	<u>\$ 23,964</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Belleville Township School District (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of seven elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Belleville Township School District this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2018, the District adopted the following GASB statements as required:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund types:

The *internal service fund* accounts for the activities of the District's self-insured worker's compensation program coverages provided to other departments or agencies of the District on a cost reimbursement basis.

The *fiduciary trust fund* is used to account for resources legally held in trust for state unemployment insurance claims. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by capital lease agreements for capital projects.

5. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	45
Building Improvements	10-25
Heavy Equipment	10
Office Equipment and Furniture	5
Computer Equipment	5

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has only one item which arises under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

7. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

8. Pensions

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

10. Net Position/Fund Balance

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2D).

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2E).

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District had no committed fund balances at year end.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and of the district's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general and special revenue funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. The Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$1,763,116. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
General Fund			
Required Maintenance for School Facilities			
Salaries	\$ 525,761	\$ 534,962	\$ 9,201
Custodial Services			
Salaries	2,047,877	2,083,715	35,838
Care and Upkeep of Grounds			
Salaries	89,694	91,263	1,569
Student Transportation Services			
Salaries for Pupil Transportation (Between Home and School) - Regular	133,246	135,578	2,332
Salaries for Pupil Transportation (Between Home and School) - Special	271,057	275,800	4,743
Unallocated Benefits			
Social Security Contributions	803,032	807,139	4,107
Health Benefits	8,281,626	8,284,631	3,005

The above variances were offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$1,915,481 in the General Fund as of June 30, 2018 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2017/2018 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity (Continued)

Pursuant to N.J.S.A. 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$1,915,481 in the General Fund is less than the delayed state aid payments at June 30, 2018.

D. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017	\$ 1,386,149
Increased by	
Approved by Board Resolution	<u>1,000,000</u>
Balance, June 30, 2018	<u>\$ 2,386,149</u>

E. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district’s school facilities for the current year.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017	\$ 193,656
Increased by	
Approved by State Monitor	<u>34,880</u>
Balance, June 30, 2018	<u>\$ 228,536</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$2,823,220.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$15,926,882 and bank and brokerage firm balances of the Board's deposits amounted to \$16,361,981. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" and cash equivalent with fiscal agent" are categorized as:

Depository Account

Insured	\$ 4,471,539
Uninsured and Collateralized	<u>11,890,442</u>
	<u>\$ 16,361,981</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 the Board’s bank balances of \$11,890,442 were exposed to custodial credit risk.

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 11,890,442</u>
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Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law,” (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had the following investments:

<u>Investment Type:</u>	<u>Fair Value</u>
U.S. Government Securities:	
NJ ARM Managed Account (U.S. Treasury Bond/Note)	<u>\$ 36,673,261</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2018, \$36,673,261 of the Board’s investments was exposed to custodial credit risk as follows:

<u>Investment Type:</u>	<u>Fair Value</u>
Uninsured and Collateralized:	
Collateral held by pledging financing institutions' trust department or agent but not in the Board's name	<u>\$ 36,673,261</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer. More than five (5) percent of the Board’s investments are in NJ Asset & Rebate Management Program’s (NJ ARM) managed account. These investments are 100% of the District’s total investments.

The fair value of the above-listed investments were based on quoted market prices provided by NJ ARM.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

B. Receivables

Receivables as of June 30, 2018 for the district’s individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Local	\$ 24,550	\$ 18,462		\$ 43,012
State	224,352	-	\$ 1,742	226,094
Federal		310,272	88,329	398,601
Accounts	<u>2,434</u>	<u>-</u>	<u>111,294</u>	<u>113,728</u>
Gross Receivables	251,336	328,734	201,365	781,435
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 251,336</u>	<u>\$ 328,734</u>	<u>\$ 201,365</u>	<u>\$ 781,435</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Special Revenue Fund		
Unencumbered Grant Draw Downs	\$	30,713
Grant Draw Down Reserve for Encumbrances		<u>29,341</u>
 Total Unearned Revenue for Governmental Funds	 \$	 <u>60,054</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Balance, July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2018</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 225,057			\$ 225,057
Construction in Progress	<u>46,211</u>	\$ 1,573,368	-	<u>1,619,579</u>
Total Capital Assets, Not Being Depreciated	<u>271,268</u>	<u>1,573,368</u>	-	<u>1,844,636</u>
Capital Assets, Being Depreciated:				
Land Improvements	13,670			13,670
Building and Building Improvements	21,241,713	167,693		21,409,406
Machinery and Equipment	<u>3,773,520</u>	<u>485,623</u>	-	<u>4,259,143</u>
Total Capital Assets Being Depreciated	<u>25,028,903</u>	<u>653,316</u>	-	<u>25,682,219</u>
Less Accumulated Depreciation for:				
Land Improvements	(2,732)	(683)	-	(3,415)
Buildings and Improvements	(11,975,287)	(838,568)	-	(12,813,855)
Machinery and Equipment	<u>(2,771,112)</u>	<u>(328,177)</u>	-	<u>(3,099,289)</u>
Total Accumulated Depreciation	<u>(14,749,131)</u>	<u>(1,167,428)</u>	-	<u>(15,916,559)</u>
Total Capital Assets, Being Depreciated, Net	<u>10,279,772</u>	<u>(514,112)</u>	-	<u>9,765,660</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,551,040</u>	<u>\$ 1,059,256</u>	<u>\$ -</u>	<u>\$ 11,610,296</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Equipment	\$ 767,751	\$ 8,525	-	\$ 776,276
Total Capital Assets Being Depreciated	<u>767,751</u>	<u>8,525</u>	<u>-</u>	<u>776,276</u>
Less Accumulated Depreciation for:				
Equipment	<u>(665,859)</u>	<u>(49,659)</u>	<u>-</u>	<u>(715,518)</u>
Total Accumulated Depreciation	<u>(665,859)</u>	<u>(49,659)</u>	<u>-</u>	<u>(715,518)</u>
Total Capital Assets, Being Depreciated, Net	<u>101,892</u>	<u>(41,134)</u>	<u>-</u>	<u>60,758</u>
Business-Type Activities Capital Assets, Net	<u>\$ 101,892</u>	<u>\$ (41,134)</u>	<u>\$ -</u>	<u>\$ 60,758</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
Instruction	
Regular	\$ 179,277
Total Instruction	<u>179,277</u>
Support Services	
Student and Instruction Related Services	17,245
Plant Operations and Maintenance	881,023
Pupil Transportation	<u>89,883</u>
Total Support Services	<u>988,151</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,167,428</u>
Business-Type Activities:	
Food Service Fund	\$ 49,659
Total Depreciation Expense - Business-Type Activities	<u>\$ 49,659</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction Commitments

The District has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Remaining Commitment</u>
Roof Replacement at High School, Middle School and School #9	\$ 1,084,100
Roof Replacement at High School and School No. 3	715,000
Roof Replacement at School #4	312,500
High School Parking Lot Renovations	408,550
High School Bathroom Renovations	636,000

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 112,177
General Fund	Capital Projects Fund	645,069
General Fund	Food Service Fund	17,418
General Fund	Internal Service Fund	1,653
General Fund	Payroll Agency Fund	12,031
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>19,360</u>
Total		<u>\$ 807,708</u>

The above balances are the result of revenues earned or received in one fund which are due to another fund, expenditures paid by one fund on behalf of another fund or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	<u>Transfer In:</u>
	<u>General Fund</u>
Transfer Out:	
Capital Projects Fund	<u>\$ 214,809</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund.

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2018 were \$92,323. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 67,124
2020	67,124
2021	67,124
2022	<u>11,187</u>
Total	<u>\$ 212,559</u>

Capital Leases and Lease Purchase Agreements

The District is leasing school buses, technology upgrades, boiler replacements and Chromebooks totaling \$5,698,492 under capital leases. The capital leases are for terms of 5 years. The District is also leasing chromebooks (supplies) totaling \$402,666 under a lease-purchase agreement. The lease-purchase agreement is for a term of 3 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Building Improvements	\$ 5,517,341
Machinery and Equipment	<u>181,151</u>
	<u>\$ 5,698,492</u>

The unexpended proceeds from capital leases in the amount of \$580,059 at June 30, 2018 are held with the Fiscal Agent.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2019	\$ 1,406,543
2020	708,275
2021	569,855
2022	<u>261,264</u>
Total minimum lease payments	2,945,937
Less: amount representing interest	<u>(134,210)</u>
Present value of minimum lease payments	<u>\$ 2,811,727</u>
Capital Leases	2,547,481
Lease-Purchase Agreements	<u>264,246</u>
	<u>\$ 2,811,727</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2018 are comprised of the following issues:

\$48,536,000, 2018 Bonds, due in annual installments of \$1,370,000 to \$2,740,000 through September 1, 2042, interest at 3.00% to 4.00%	<u>\$48,536,000</u>
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**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Year Ended June 30,	Serial Bonds		Total
	Principal	Interest	
2019		\$ 1,604,064	\$ 1,604,064
2020	\$ 2,526,000	1,665,540	4,191,540
2021	1,370,000	1,607,100	2,977,100
2022	1,405,000	1,565,475	2,970,475
2023	1,450,000	1,522,650	2,972,650
2024-2028	7,940,000	6,923,250	14,863,250
2029-2033	9,285,000	5,620,576	14,905,576
2034-2038	11,195,000	3,822,738	15,017,738
2039-2043	13,365,000	1,358,700	14,723,700
	<u>\$ 48,536,000</u>	<u>\$ 25,690,093</u>	<u>\$ 74,226,093</u>

State Aid Advance Loan Payable

In March 2015, the Board entered into a loan agreement with the State of New Jersey in the amount of \$4,162,426 pursuant to N.J.S.A. 18A:7A-56 in the form of an advancement of state aid to provide funds to eliminate the unassigned budgetary fund deficit in the General Fund. The State aid advance loan is being repaid by the school district through automatic reductions in the State aid provided to the school district in each year. The term of the loan repayment is ten (10) years which began in the 2015/2016 school year at a minimum amount of \$416,243 per year, but may be for a shorter term as determined by the State Treasurer. At any time during the term of the repayment the State Treasurer, in consultation with the Commissioner of Education, may determine to impose interest on the unpaid balance. The State Treasurer has not imposed interest during the 2017/2018 school year.

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Year Ended June 30,	State Aid Advance Loan		Total
	Principal	Interest	
2019	\$ 416,243		\$ 416,243
2020	416,243		416,243
2021	416,243		416,243
2022	416,243		416,243
2023	416,243		416,243
2024-2025	832,482	-	832,482
Totals	<u>\$ 2,913,697</u>	<u>\$ -</u>	<u>\$ 2,913,697</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 109,508,735
Less: Net Debt Issued and Authorized But Not Issued	<u>48,536,601</u>
Remaining Borrowing Power	<u>\$ 60,972,134</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2018</u>	<u>Due Within One Year</u>
Governmental Activities:					
Serial Bonds		\$ 48,536,000		\$ 48,536,000	
Capital Leases	\$ 4,125,259	181,151	\$ 1,758,929	2,547,481	\$ 1,203,895
Lease - Purchase Agreements	-	402,666	138,420	264,246	130,067
Compensated Absences	1,549,016	87,093	54,243	1,581,866	158,187
State Aid Advance Loan Payable	3,329,940		416,243	2,913,697	416,243
Net Pension Liability	<u>21,188,458</u>	<u>-</u>	<u>3,969,350</u>	<u>17,219,108</u>	<u>-</u>
Governmental Activity Long-term Liabilities	<u>\$ 30,192,673</u>	<u>\$ 49,206,910</u>	<u>\$ 6,337,185</u>	<u>\$ 73,062,398</u>	<u>\$ 1,908,392</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities, the liabilities for capital leases, compensated absences, state and advance loan and net pension liability are generally liquidated by the general fund.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

Prior to July 1, 2014, the District established a worker's compensation plan for its employees. Transactions related to the plan are accounted for in the Internal Service Fund. The District funds the entire cost of the plan. Claims are paid directly by the plan up to a maximum of \$450,000 for any one accident or occurrence. Any claims in excess of this amount are covered by insurance policies to the statutory limit.

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2018, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$220,537 reported at June 30, 2018 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the workmen's compensation plan for the fiscal years ended June 30, 2018 and 2017 are as follows:

Governmental Activities:	<u>Fiscal Year Ended</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Unpaid Claims, Beginning of Year	\$ 243,410	\$ 357,925
Incurred Claims (Including IBNR)	23,375	1,046
Claim Payments	<u>(46,248)</u>	<u>(115,561)</u>
Unpaid Claims, End of Year	<u>\$ 220,537</u>	<u>\$ 243,410</u>

The District is a member of the New Jersey School Insurance Group (NJSIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the Group is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group attributable to a membership year during which they were a member.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

NJSIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 22,000	\$ 63,137	\$ 82,392	\$ 23,964
2017	15,000	62,256	130,239	21,098
2016	105,000	60,133	175,631	74,016

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Pending Litigation – Former Employee vs. Belleville Board of Education: This is an employment litigation in the United States District Court for the District of New Jersey that, although partly covered by insurance, contains significant uncovered claims. The former employee's complaint alleges, among other things, age and gender discrimination, political retaliation and an improper transfer. According to the expert report served by the plaintiff's attorneys, claim damages of \$1.7 million much of which would be uninsured. Discovery is nearing an end at the date of audit but no trial date has yet been set. In the opinion of the Board Attorney it is estimated the potential liability to the District in this case could exceed \$500,000. The District has encumbered \$500,000 in the general fund at June 30, 2018 for any potential liability that may arise from an unfavorable outcome to the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represent the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of \$90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.00 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 685,256	\$ 4,236,771	\$ 35,237
2017	635,562	3,212,266	23,655
2016	718,955	2,388,926	27,407

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$6,265 and \$1,648, respectively for PERS and the State contributed \$4,875 and \$5,962, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,212,995 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$17,219,108 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District’s proportionate share was .07397 percent, which was an increase of .00243 percent from its proportionate share measured as of June 30, 2016 of .07154 percent.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,134,883 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 405,451	
Changes of Assumptions	3,469,057	\$ 3,456,339
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	117,250	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,019,218</u>	<u>1,538,405</u>
Total	<u>\$ 5,010,976</u>	<u>\$ 4,994,744</u>

At June 30, 2018, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2019	\$ 294,079
2020	517,891
2021	158,300
2022	(655,959)
2023	<u>(298,079)</u>
	<u>\$ 16,232</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2040

Municipal Bond Rate * From July 1, 2040
and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 21,361,472</u>	<u>\$ 17,219,108</u>	<u>\$ 13,768,005</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$13,338,997 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$192,551,563. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was 0.28558 percent, which was a decrease of 0.0128 percent from its proportionate share measured as of June 30, 2016 of 0.29838 percent.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit

Payments for which the Following Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	1% Decrease <u>(3.25%)</u>	Current Discount Rate <u>(4.25%)</u>	1% Increase <u>(5.25%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 228,757,297</u>	<u>\$ 192,551,563</u>	<u>\$ 162,725,122</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> </u>
Total	<u>366,078</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2016, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$2,736,440, \$2,676,549 and \$2,844,551, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$8,358,742. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$147,696,829. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017.. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .27535 percent, which was a decrease of .00102 percent from its proportionate share measured as of June 30, 2016 of .27637 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>159,828,455</u>
Changes Recognized for the Fiscal Year:	
Service Cost	5,707,408
Interest on the Total OPEB Liability	4,696,710
Changes of Assumptions	(19,512,888)
Gross Benefit Payments	(3,138,421)
Contributions from the Member	<u>115,565</u>
Net Changes	<u>(12,131,626)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>147,696,829</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>175,326,792</u>	\$ <u>147,696,829</u>	\$ <u>125,780,480</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ 121,466,364	\$ 147,696,829	\$ 182,530,578

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

F. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Belleville Township School District, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULES

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 39,764,229		\$ 39,764,229	\$ 39,764,229	
Tuition From Other LEAs Within the State	145,000		145,000	61,096	\$ (83,904)
Tuition From Other Sources	95,000		95,000	120,091	25,091
Unrestricted Miscellaneous Revenues	32,700	-	32,700	388,195	355,495
Total Local Revenues	<u>40,036,929</u>	<u>-</u>	<u>40,036,929</u>	<u>40,333,611</u>	<u>296,682</u>
State Sources					
Special Education Aid	2,880,246		2,880,246	2,880,246	
Equalization Aid	21,896,193		21,896,193	22,910,926	1,014,733
Security Aid	332,971		332,971	332,971	
Transportation Aid	221,550		221,550	221,550	
Under Adequacy Aid	500,000		500,000	500,000	
PARCC Readiness Aid	47,430		47,430	47,430	
Per Pupil Growth Aid	47,430		47,430	47,430	
Professional Learning Community Aid	45,960		45,960	45,960	
Extraordinary Special Education Costs Aid	500,000		500,000	385,373	(114,627)
Nonpublic School Transportation Costs				114,260	114,260
Lead Testing for Schools Aid				8,775	8,775
On-Behalf TPAF Contributions (Non-Budgeted)					
Pension Benefit Contribution				4,136,391	4,136,391
Pension - NCGI Premium				100,380	100,380
Post Retirement Medical Benefit Contribution				2,736,440	2,736,440
Long Term Disability Insurance				4,875	4,875
Reimbursed Social Security Contribution	-	-	-	2,212,995	2,212,995
Total State Revenues	<u>26,471,780</u>	<u>-</u>	<u>26,471,780</u>	<u>36,686,002</u>	<u>10,214,222</u>
Federal Sources					
Special Education Medicaid Initiative Reimbursement	108,486	-	108,486	146,489	38,003
	<u>108,486</u>	<u>-</u>	<u>108,486</u>	<u>146,489</u>	<u>38,003</u>
Total Revenues	<u>66,617,195</u>	<u>-</u>	<u>66,617,195</u>	<u>77,166,102</u>	<u>10,548,907</u>
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Kindergarten	1,143,852	\$ (159,684)	984,168	984,168	
Grades 1-5	5,695,699	366,080	6,061,779	6,032,666	29,113
Grades 6-8	3,551,806	(41,475)	3,510,331	3,489,536	20,795
Grades 9-12	7,474,408	(161,719)	7,312,689	7,275,259	37,430
Regular Programs - Home Instruction					
Salaries of Teachers	200,000	50,649	250,649	250,649	
Purchased Professional-Educational Services	54,185	8,466	62,651	54,843	7,808
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	28,099	4,228	32,327	32,327	
Purchased Technical Services	5,000		5,000	5,000	
Other Purchased Services	1,726	(1,726)			
General Supplies	288,561	25,434	313,995	305,724	8,271
General Supplies Acquired through Lease Purchase (Non-Budget)				402,666	(402,666)
Textbooks	826,077	246,072	1,072,149	1,052,450	19,699
Other Objects	5,954	4,216	10,170	10,170	-
Total Regular Programs	<u>19,275,367</u>	<u>340,541</u>	<u>19,615,908</u>	<u>19,895,458</u>	<u>(279,550)</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning / Language Disabilities					
Salaries of Teachers	\$ 635,210	\$ (40,520)	\$ 594,690	\$ 594,690	
Other Salaries for Instruction	444,556	(49,133)	395,423	395,423	
General Supplies	1,692	(307)	1,385	770	\$ 615
Total Learning / Language Disabilities	<u>1,081,458</u>	<u>(89,960)</u>	<u>991,498</u>	<u>990,883</u>	<u>615</u>
Behavioral Disabilities					
Salaries of Teachers	119,594	145,792	265,386	265,386	
Other Salaries for Instruction	87,353	(25,255)	62,098	62,098	
General Supplies	1,406	-	1,406	-	1,406
Total Behavioral Disabilities	<u>208,353</u>	<u>120,537</u>	<u>328,890</u>	<u>327,484</u>	<u>1,406</u>
Multiple Disabilities					
Salaries of Teachers	233,056	4,663	237,719	237,719	
Other Salaries for Instruction	136,329	9,420	145,749	145,749	-
Total Multiple Disabilities	<u>369,385</u>	<u>14,083</u>	<u>383,468</u>	<u>383,468</u>	<u>-</u>
Resource Room / Resource Center					
Salaries of Teachers	2,400,696	156,864	2,557,560	2,557,560	
Other Salaries for Instruction	429,027	33,356	462,383	462,383	
General Supplies	6,944	(3,112)	3,832	3,547	285
Total Resource Room / Resource Center	<u>2,836,667</u>	<u>187,108</u>	<u>3,023,775</u>	<u>3,023,490</u>	<u>285</u>
Autism					
Salaries of Teachers	302,329	100,500	402,829	402,829	
Other Salaries for Instruction	240,401	125,638	366,039	366,039	
General Supplies	14,000	(9,783)	4,217	3,295	922
Total Autism	<u>556,730</u>	<u>216,355</u>	<u>773,085</u>	<u>772,163</u>	<u>922</u>
Preschool Disabilities - Part - Time					
General Supplies	4,922	(547)	4,375	2,545	1,830
Total Preschool Disabilities - Part - Time	<u>4,922</u>	<u>(547)</u>	<u>4,375</u>	<u>2,545</u>	<u>1,830</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	307,162	11,411	318,573	318,573	
Other Salaries for Instruction	295,021	30,553	325,574	325,574	
General Supplies	387	(74)	313	313	-
Total Preschool Disabilities - Full - Time	<u>602,570</u>	<u>41,890</u>	<u>644,460</u>	<u>644,460</u>	<u>-</u>
Home Instruction					
Salaries of Teachers	61,203	(2,926)	58,277	58,277	-
Total Home Instruction	<u>61,203</u>	<u>(2,926)</u>	<u>58,277</u>	<u>58,277</u>	<u>-</u>
Total Special Education	<u>5,721,288</u>	<u>486,540</u>	<u>6,207,828</u>	<u>6,202,770</u>	<u>5,058</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	\$ 1,457,942	\$ (414,343)	\$ 1,043,599	\$ 1,043,599	-
Total Basic Skills/Remedial	<u>1,457,942</u>	<u>(414,343)</u>	<u>1,043,599</u>	<u>1,043,599</u>	<u>-</u>
Bilingual Education					
Salaries of Teachers	900,741	29,858	930,599	930,599	-
Total Bilingual Education	<u>900,741</u>	<u>29,858</u>	<u>930,599</u>	<u>930,599</u>	<u>-</u>
School Sponsored Co-Curricular Activities					
Salaries	137,477	38,699	176,176	176,176	
Other Objects	393	3,775	4,168	4,168	-
Total School Sponsored Co-Curricular Activities	<u>137,870</u>	<u>42,474</u>	<u>180,344</u>	<u>180,344</u>	<u>-</u>
School Sponsored Athletics - Instruction					
Salaries	460,430	719	461,149	461,149	
Purchased Services	116,019	(58,624)	57,395	57,395	
Supplies and Materials	49,850	(2,767)	47,083	45,369	\$ 1,714
Other Objects	49,870	3,075	52,945	50,907	2,038
Total School Sponsored Athletics - Instruction	<u>676,169</u>	<u>(57,597)</u>	<u>618,572</u>	<u>614,820</u>	<u>3,752</u>
Total - Instruction	<u>28,169,377</u>	<u>427,473</u>	<u>28,596,850</u>	<u>28,867,590</u>	<u>(270,740)</u>
Undistributed Expenditures					
Instruction (Tuition)					
Tuition - Other LEA's Within State - Special	362,298	225,585	587,883	577,818	10,065
Tuition to County Vocational School District-Reg.	162,789	68,922	231,711	231,711	
Tuition to County Vocational School/Dist.-Spec.	60,360	3,368	63,728	63,273	455
Tuition to County Special Services - School Districts & Regional Day Schools	16,881	504,179	521,060	448,578	72,482
Tuition to Private Schools - Disabled Within State	3,467,014	(1,022,876)	2,444,138	2,376,218	67,920
Tuition - Other	-	6,454	6,454	-	6,454
Total Undistributed Expenditures - Instruction	<u>4,069,342</u>	<u>(214,368)</u>	<u>3,854,974</u>	<u>3,697,598</u>	<u>157,376</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 926,102	\$ (43,347)	\$ 882,755	\$ 882,755	
Purchased Professional and Technical Services	44,356	5,645	50,001	50,001	
Other Purchased Services	2,820	(2,820)			
Supplies and Materials	13,483	(2,444)	11,039	10,989	\$ 50
Total Health Services	986,761	(42,966)	943,795	943,745	50
Speech, OT, PT and Related Services					
Salaries	689,832	(6,328)	683,504	683,504	
Purchased Professional - Educational Services	527,620	(49,370)	478,250	473,835	4,415
Total Speech, OT, PT and Related Services	1,217,452	(55,698)	1,161,754	1,157,339	4,415
Other Support Services-Students-Extra Services					
Salaries	101,131	(21,338)	79,793	79,793	
Purchased Professional-Educational Services	720,656	(106,516)	614,140	566,662	47,478
Total Other Support Services-Extra	821,787	(127,854)	693,933	646,455	47,478
Guidance					
Salaries of Other Professional Staff	885,289	41,111	926,400	926,400	
Salaries of Secretarial and Clerical Assistants	156,666	2,465	159,131	159,131	
Purchased Professional-Educational Services	26,215	2,787	29,002	28,082	920
Supplies and Materials	8,350	1,038	9,388	9,228	160
Total Guidance	1,076,520	47,401	1,123,921	1,122,841	1,080
Child Study Team					
Salaries of Other Professional Staff	1,548,841	71,051	1,619,892	1,619,892	
Salaries of Secretarial and Clerical Assistants	164,722	(5,215)	159,507	159,507	
Other Purchased Professional and Technical Services	31	41,274	41,305	41,305	
Other Purchased Services	330	1,787	2,117	2,117	
Miscellaneous Purchased Services	12,205	(735)	11,470	11,470	
Supplies and Materials	37,250	18,132	55,382	52,729	2,653
Other Objects	2,902	261	3,163	3,163	-
Total Child Study Team	1,766,281	126,555	1,892,836	1,890,183	2,653
Improvement of Instruction Services					
Salaries of Other Professional Staff	-	17,745	17,745	17,745	-
Total Improvement of Instruction Services	-	17,745	17,745	17,745	-

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries	\$ 279,438	\$ (7,631)	\$ 271,807	\$ 271,807	
Supplies and Materials	33,781	(9,722)	24,059	23,785	\$ 274
Total Educational Media Services/School Library	<u>313,219</u>	<u>(17,353)</u>	<u>295,866</u>	<u>295,592</u>	<u>274</u>
Support Services General Administration					
Salaries	359,217	114,029	473,246	473,246	
Salaries of State Monitors	149,450	(38,234)	111,216	111,216	
Repayment of Principal -NJ DOE Loan	416,243		416,243	416,243	
Legal Services	600,000	101,335	701,335	642,682	58,653
Audit Fees	75,000	(10,942)	64,058	64,058	
Architectural/Engineering Services	50,000	356	50,356	48,394	1,962
Other Purchased Professional Services	42,885	(5,135)	37,750	37,750	
Communications/Telephone	75,000	(35,438)	39,562	39,562	
BOE Other Purchased Services	3,422	647	4,069	4,069	
Miscellaneous Purchased Services	293,342	(27,966)	265,376	265,376	
General Supplies	2,506	3,996	6,502	6,082	420
Judgments Against the School District	167,805	332,195	500,000		500,000
Miscellaneous Expenditures	17,476	3,467	20,943	20,793	150
BOE Membership Dues and Fees	30,022	350	30,372	30,372	-
Total Support Services General Administration	<u>2,282,368</u>	<u>438,660</u>	<u>2,721,028</u>	<u>2,159,843</u>	<u>561,185</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	1,833,175	66,751	1,899,926	1,899,926	
Salaries of Other Professional Staff	1,254,230	25,888	1,280,118	1,280,118	
Salaries of Secretarial and Clerical Assistants	736,016	(18,756)	717,260	717,260	
Other Purchased Services	38,105	36	38,141	38,141	
Supplies and Materials	29,920	20,649	50,569	50,149	420
Total Support Services School Administration	<u>3,891,446</u>	<u>94,568</u>	<u>3,986,014</u>	<u>3,985,594</u>	<u>420</u>
Central Services					
Salaries	448,040	(36,959)	411,081	411,081	
Purchased Technical Services	21,200	166	21,366	21,366	
Miscellaneous Purchased Services	22,024	24,273	46,297	46,297	
Supplies and Materials	7,646	664	8,310	7,639	671
Interest on Lease Purchase Agreements	96,985	(2,258)	94,727	94,727	
Miscellaneous Expenditures	17,856	(7,303)	10,553	10,553	-
Total Central Services	<u>613,751</u>	<u>(21,417)</u>	<u>592,334</u>	<u>591,663</u>	<u>671</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Administration Information Technology					
Salaries	\$ 193,936	\$ (27,126)	\$ 166,810	\$ 166,810	
Purchased Technical Services	400,000	24,603	424,603	424,603	
Other Purchased Services	76,500	45,975	122,475	122,475	
Supplies and Materials	66,300	37,969	104,269	92,673	\$ 11,596
Total Administration Information Technology	<u>736,736</u>	<u>81,421</u>	<u>818,157</u>	<u>806,561</u>	<u>11,596</u>
Required Maintenance for School Facilities					
Salaries	524,401	1,360	525,761	534,962	(9,201)
Cleaning, Repair & Maintenance Services	59,161	84,092	143,253	135,166	8,087
General Supplies	89,936	205,770	295,706	282,933	12,773
Total Required Maintenance for School Facilities	<u>673,498</u>	<u>291,222</u>	<u>964,720</u>	<u>953,061</u>	<u>11,659</u>
Custodial Services					
Salaries	1,983,050	64,827	2,047,877	2,083,715	(35,838)
Cleaning, Repair and Maintenance Services	96,816	5,887	102,703	102,703	
Other Purchased Property Services	61,450	(27,197)	34,253	34,034	219
Insurance	296,279	(14,080)	282,199	282,199	
Miscellaneous Purchased Services	500		500	500	
General Supplies	71,056	(46,511)	24,545	24,545	
Energy (Natural Gas)	380,000	(16,626)	363,374	363,374	
Energy (Electricity)	350,000	(7,010)	342,990	342,990	
Other Objects	2,994	(1,764)	1,230	1,230	-
Total Custodial Services	<u>3,242,145</u>	<u>(42,474)</u>	<u>3,199,671</u>	<u>3,235,290</u>	<u>(35,619)</u>
Care and Upkeep of Grounds					
Salaries	95,179	(5,485)	89,694	91,263	(1,569)
Cleaning, Repair and Maintenance Services	3,152	7,819	10,971	10,971	
General Supplies	283	3,683	3,966	3,966	-
Total Care and Upkeep of Grounds	<u>98,614</u>	<u>6,017</u>	<u>104,631</u>	<u>106,200</u>	<u>(1,569)</u>
Security					
Salaries	443,036	70,142	513,178	513,178	
Purchased Professional and Technical Services	102,000	(1,280)	100,720	100,720	
General Supplies	3,800	184	3,984	3,984	-
Total Security	<u>548,836</u>	<u>69,046</u>	<u>617,882</u>	<u>617,882</u>	<u>-</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	262,141	66,684	328,825	328,825	
Salaries for Pupil Transportation (Between Home and School) - Regular	77,376	55,870	133,246	135,578	(2,332)
Salaries for Pupil Transportation (Between Home and School) - Special	233,477	37,580	271,057	275,800	(4,743)
Salaries for Pupil Transportation (Other Than Between Home & School)	105,052	26,915	131,967	131,967	
Management Fee - ESC & CTSA Trans. Prog.	64,963	(27,620)	37,343	37,343	
Cleaning, Repair and Maintenance Services	45,400	51,033	96,433	96,433	
Contracted Services - Aid in Lieu Payments - Non-Public	334,043	29,707	363,750	361,780	1,970
Contracted Services (Other Than Between Home and School) - Vendors	16,600	24,425	41,025	41,025	
Contracted Services (Spec Ed) - Joint Agreements	9,000	(4,200)	4,800	4,800	
Contracted Services (Spec Ed) - ESC's & CTSA's	1,202,500	(246,806)	955,694	945,761	9,933
Transportation Supplies	102,098	(48,032)	54,066	51,766	2,300
Miscellaneous Expenditures	10,165	9,128	19,293	17,343	1,950
Miscellaneous Expenditures Acquired Through Capital Lease (Non-Budget)	-	-	-	4,257	(4,257)
Total Student Transportation Services	<u>2,462,815</u>	<u>(25,316)</u>	<u>2,437,499</u>	<u>2,432,678</u>	<u>4,821</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 785,881	\$ 17,151	\$ 803,032	\$ 807,139	\$ (4,107)
Other Retirement Contributions - PERS	733,380	(41,864)	691,516	691,516	
Other Retirement Contributions - Regular	38,149	10,021	48,170	48,170	
Unemployment Compensation	107,100	(85,100)	22,000	22,000	
Workmen's Compensation	468,259	(90,908)	377,351	377,351	
Health Benefits	9,132,973	(851,347)	8,281,626	8,284,631	(3,005)
Tuition Reimbursement	51,000	20,953	71,953	71,953	
Other Employee Benefits	252,708	297,780	550,488	549,363	1,125
Unused Sick Payment to Terminated/Retired Staff	85,114	(30,871)	54,243	54,243	-
Total Unallocated Benefits	<u>11,654,564</u>	<u>(754,185)</u>	<u>10,900,379</u>	<u>10,906,366</u>	<u>(5,987)</u>
On Behalf TPAF Contributions (Non Budgeted)					
Pension Benefit Contribution	-	-	-	4,136,391	(4,136,391)
Pension -NCGI Premium	-	-	-	100,380	(100,380)
Post Retirement Medical Benefit Contribution	-	-	-	2,736,440	(2,736,440)
Long Term Disability Insurance	-	-	-	4,875	(4,875)
Reimbursed Social Security Contribution	-	-	-	2,212,995	(2,212,995)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,191,081</u>	<u>(9,191,081)</u>
Total Undistributed Expenditures	<u>36,456,135</u>	<u>(128,996)</u>	<u>36,327,139</u>	<u>44,757,717</u>	<u>(8,430,578)</u>
Total Expenditures - Current Expenditures	<u>64,625,512</u>	<u>298,477</u>	<u>64,923,989</u>	<u>73,625,307</u>	<u>(8,701,318)</u>
CAPITAL OUTLAY					
Equipment					
Instructional Equipment	-	17,521	17,521	17,521	
Undistributed Expenditures	-	-	-	-	
Child Study Teams	-	2,268	2,268	2,268	
Operations and Maintenance	-	6,500	6,500	6,500	
School Buses - Special	-	365,714	365,714	365,714	-
Total Equipment	<u>-</u>	<u>392,003</u>	<u>392,003</u>	<u>392,003</u>	<u>-</u>
Facilities Acquisition and Construction Services					
Architectural / Engineering Services	-	166,000	166,000	126,000	40,000
Construction Services	-	6,974	6,974	2,858	4,116
Lease Purchase Agreements - Principal	1,777,819	(66,774)	1,711,045	1,709,045	2,000
Assessment for Debt Service on SDA Funding	22,935	-	22,935	22,935	-
Total Facilities Acquisition and Construction Services	<u>1,800,754</u>	<u>106,200</u>	<u>1,906,954</u>	<u>1,860,838</u>	<u>46,116</u>
Total Capital Outlay	<u>1,800,754</u>	<u>498,203</u>	<u>2,298,957</u>	<u>2,252,841</u>	<u>46,116</u>
SUMMER SCHOOL - INSTRUCTION					
Salaries of Teachers	16,134	-	16,134	16,134	-
Total Summer School - Instruction	<u>16,134</u>	<u>-</u>	<u>16,134</u>	<u>16,134</u>	<u>-</u>
Transfer of Funds to Charter Schools	174,795	96,362	271,157	271,157	-
Total Expenditures	<u>66,617,195</u>	<u>893,042</u>	<u>67,510,237</u>	<u>76,165,439</u>	<u>(8,655,202)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(893,042)	(893,042)	1,000,663	1,893,705

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Other Financing Sources/(Uses)					
Lease Purchase Proceeds(Non-Budgeted)	-	-	-	\$ 402,666	\$ 402,666
Refunding Capital Lease Proceeds (Non-Budgeted)				181,151	181,151
Payment to Refund Capital Lease (Non-Budget)				(176,894)	(176,894)
Operating Transfer In - Capital Projects Fund	-	-	-	214,809	214,809
Total Other Financing Sources/(Uses)	-	-	-	621,732	621,732
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)		\$ (893,042)	\$ (893,042)	1,622,395	2,515,437
Fund Balances, Beginning of Year	\$ 3,512,757	-	3,512,757	3,512,757	-
Fund Balances, End of Year	\$ 3,512,757	\$ (893,042)	\$ 2,619,715	\$ 5,135,152	\$ 2,515,437
Recapitulation					
Restricted					
Capital Reserve				\$ 2,386,149	
Maintenance Reserve				228,536	
Assigned					
Year End Encumbrances				686,701	
Designated for Subsequent Year's Expenditures				720,995	
Unassigned				<u>1,112,771</u>	
Fund Balance Per State Budgetary Basis of Accounting				5,135,152	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid Revenue Not Recognized on GAAP Basis				<u>(3,028,252)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 2,106,900</u>	

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 194,658	\$ (101,295)	\$ 93,363	\$ 93,363	
Federal	1,972,814	902,385	2,875,199	2,690,173	\$ (185,026)
Local Sources					
Miscellaneous	-	68,984	68,984	41,376	(27,608)
Total Revenues	<u>2,167,472</u>	<u>870,074</u>	<u>3,037,546</u>	<u>2,824,912</u>	<u>(212,634)</u>
EXPENDITURES					
Instruction					
Salaries	1,010,607	(437,067)	573,540	553,824	19,716
Purchased Professional / Technical Services		101,707	101,707	79,052	22,655
Other Purchased Services	1,150,019	(31,011)	1,119,008	1,118,577	431
General Supplies		654,979	654,979	553,803	101,176
Textbooks	6,846	1,371	8,217	7,966	251
Total Instruction	<u>2,167,472</u>	<u>289,979</u>	<u>2,457,451</u>	<u>2,313,222</u>	<u>144,229</u>
Support Services - Instruction					
Salaries		1,789	1,789	612	1,177
Purchased Professional / Technical Services		85,891	85,891	66,955	18,936
Other Purchased Services		75,321	75,321	56,335	18,986
Contracted Services - Transportation		22,250	22,250		22,250
Supplies and Materials		103,657	103,657	103,297	360
Program Administration	-	56,083	56,083	56,063	20
Total Support Services	<u>-</u>	<u>344,991</u>	<u>344,991</u>	<u>283,262</u>	<u>61,729</u>
Unallocated Benefits:					
Personnel Services - Employee Benefits	-	126,767	126,767	120,717	6,050
Capital Outlay					
Instructional Equipment		87,843	87,843	87,843	
Non-Instructional Equipment	-	20,494	20,494	19,868	626
Total Capital Outlay	<u>-</u>	<u>108,337</u>	<u>108,337</u>	<u>107,711</u>	<u>626</u>
Total Expenditures	<u>2,167,472</u>	<u>870,074</u>	<u>3,037,546</u>	<u>2,824,912</u>	<u>212,634</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 77,166,102	\$ 2,824,912
Difference - Budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2017-2018)	(3,028,252)	
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2016-2017)	2,885,615	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2018		(29,341)
Encumbrances , June 30, 2017, net of cancellations	-	22,084
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 77,023,465</u>	<u>\$ 2,817,655</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 76,165,439	\$ 2,824,912
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances , June 30, 2018		(29,341)
Encumbrances , June 30, 2017, net of cancellations	-	22,084
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 76,165,439</u>	<u>\$ 2,817,655</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POST-EMPLOYMENT BENEFITS INFORMATION

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Five Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.07397%	.07154%	.08363%	.08023%	.07642%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,219,108	\$ 21,188,458	\$ 18,772,248	\$ 15,022,124	\$14,606,291
District's Covered-Employee Payroll	\$ 4,860,151	\$ 5,027,264	\$ 4,680,094	\$ 5,498,805	\$ 5,051,790
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	354.29%	421.47%	401.11%	273.19%	289.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 685,256	\$ 635,562	\$ 718,955	\$ 661,443	\$ 573,845
Contributions in Relation to the Contractually Required Contribution	<u>685,256</u>	<u>635,562</u>	<u>718,955</u>	<u>661,443</u>	<u>573,845</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 4,860,151	\$ 5,027,264	\$ 4,680,094	\$ 5,498,805	\$ 5,051,790
Contributions as a Percentage of Covered-Employee Payroll	14.10%	12.64%	15.36%	12.03%	11.36%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Five Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>192,551,563</u>	<u>234,722,770</u>	<u>186,927,127</u>	<u>154,793,607</u>	<u>150,597,225</u>
Total	<u>\$ 192,551,563</u>	<u>\$ 234,722,770</u>	<u>\$ 186,927,127</u>	<u>\$ 154,793,607</u>	<u>\$ 150,597,225</u>
District's Covered-Employee Payroll	29,711,584	28,765,071	28,475,277	29,722,849	28,462,899
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 5,707,408
Interest on Total OPEB Liability	4,696,710
Changes of Assumptions	(19,512,888)
Gross Benefit Payments	(3,138,421)
Contribution from the Member	115,565
Net Change in Total OPEB Liability	(12,131,626)
Total OPEB Liability - Beginning	159,828,455
Total OPEB Liability - Ending	\$ 147,696,829
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	147,696,829
Total OPEB Liability - Ending	\$ 147,696,829
District's Covered-Employee Payroll	\$ 34,571,735
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

SCHOOL LEVELS SCHEDULES

GENERAL FUND

NOT APPLICABLE

SPECIAL REVENUE FUND

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>Title IV</u>	<u>Temporary Emergency Impact Aid</u>	<u>Carl D. Perkins</u>	<u>IDEA</u>		<u>(Exhibit E-1a)</u>	<u>Total 2018</u>
								<u>Preschool Handicapped</u>	<u>Regular Program Part B</u>		
REVENUES											
Intergovernmental											
State										\$ 93,363	\$ 93,363
Federal	\$ 1,103,026	\$ 188,358	\$ 48,662	\$ 10,583	\$ 11,819	\$ 127,500	\$ 50,293	\$ 26,199	\$ 1,123,733		2,690,173
Other Sources	-	-	-	-	-	-	-	-	-	41,376	41,376
Total Revenues	\$ 1,103,026	\$ 188,358	\$ 48,662	\$ 10,583	\$ 11,819	\$ 127,500	\$ 50,293	\$ 26,199	\$ 1,123,733	\$ 134,739	2,824,912
EXPENDITURES											
Instruction											
Salaries	\$ 415,524	\$ 18,878	\$ 29,978			\$ 87,338				\$ 2,106	553,824
Purchased Professional / Technical Services	19,072									59,980	79,052
Other Purchased Services								\$ 26,199	\$ 1,081,739	10,639	1,118,577
General Supplies	441,606		13,095	\$ 9,637			\$ 43,771		11,785	33,909	553,803
Textbooks	-	-	-	-	-	-	-	-	-	7,966	7,966
Total Instruction	876,202	18,878	43,073	9,637	-	87,338	43,771	26,199	1,093,524	114,600	2,313,222
Support Services											
Salaries					\$ 612						612
Personnel Services - Employee Benefits	75,150		5,405			40,162					120,717
Purchased Professional / Technical Services		41,018			1,400		2,986		11,366	10,185	66,955
Other Purchased Services		56,151	184								56,335
Supplies and Materials	26,611	62,233		946	17		3,536			9,954	103,297
Program Administration	56,063	-	-	-	-	-	-	-	-	-	56,063
Total Support Services	157,824	159,402	5,589	946	2,029	40,162	6,522	-	11,366	20,139	403,979
Capital Outlay											
Instructional Equipment	69,000								18,843		87,843
Non-Instructional Equipment	-	10,078	-	-	9,790	-	-	-	-	-	19,868
Total Capital Outlay	69,000	10,078	-	-	9,790	-	-	-	18,843	-	107,711
Total Expenditures	\$ 1,103,026	\$ 188,358	\$ 48,662	\$ 10,583	\$ 11,819	\$ 127,500	\$ 50,293	\$ 26,199	\$ 1,123,733	\$ 134,739	\$ 2,824,912

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BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Local Grants	Nonpublic Security	Nonpublic Technology	Nonpublic Nursing	Nonpublic Textbook	Chapter 192 Services		Chapter 193 Services		Total Exhibit E-1a
						Compensatory Education	ESL	Corrective Speech	Supplemental Instruction	
REVENUES										
Intergovernmental										
State		\$ 9,954	\$ 5,278	\$ 10,185	\$ 7,966	\$ 41,013	\$ 1,265	\$ 8,749	\$ 8,953	\$ 93,363
Other Sources	\$ 41,376	-	-	-	-	-	-	-	-	41,376
Total Revenues	\$ 41,376	\$ 9,954	\$ 5,278	\$ 10,185	\$ 7,966	\$ 41,013	\$ 1,265	\$ 8,749	\$ 8,953	\$ 134,739
EXPENDITURES										
Instruction										
Salaries	\$ 2,106									\$ 2,106
Purchased Professional / Technical Services						\$ 41,013	\$ 1,265	\$ 8,749	\$ 8,953	59,980
Other Purchased Services	10,639									10,639
General Supplies	28,631		\$ 5,278							33,909
Textbooks	-	-	-	-	\$ 7,966	-	-	-	-	7,966
Total Instruction	41,376	-	5,278	-	7,966	41,013	1,265	8,749	8,953	114,600
Support Services										
Purchased Professional / Technical Services				\$ 10,185	-	-	-	-	-	10,185
Supplies and Materials		\$ 9,954								9,954
		9,954		10,185						20,139
Total Expenditures	\$ 41,376	\$ 9,954	\$ 5,278	\$ 10,185	\$ 7,966	\$ 41,013	\$ 1,265	\$ 8,749	\$ 8,953	\$ 134,739

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue/ Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Unexpended Project Balance June 30, 2018</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Partial Roof Replacement at School Number 7 and Belleville High School and Related Masonry and Electrical Upgrades	\$ 1,026,316	\$ 911,139	\$ 99,925	\$ 15,252
Acquisition and Installation of Security System and Network Upgrades	1,950,033	1,949,916	117	
IP Integration Services and Network Cabling and Refreshing	3,324,156	3,246,492	77,664	
Boiler Replacement at School Number 8 and the Middle School	2,405,212	1,634,235		770,977
2017 Referendum - District Wide Facilities Renovations, Upgrades and Improvements	<u>48,536,601</u>	<u>-</u>	<u>1,498,070</u>	<u>47,038,531</u>
	<u>\$ 57,242,318</u>	<u>\$ 7,741,782</u>	<u>\$ 1,675,776</u>	<u>\$ 47,824,760</u>
<u>Reconciliation to GAAP Basis</u>				
Project Balance, June 30, 2018				\$ 47,824,760
Less: Capital Leases Authorized But Not Issued				(206,171)
Bonds Authorized But Not Issued				<u>(601)</u>
Fund Balance, June 30, 2018 - GAAP Basis				<u>\$ 47,617,988</u>
<u>Reconciliation to Fund Balance</u>				
Restricted for Capital Projects Year End Encumbrances				\$ 4,596,464
Available for Capital Projects				<u>43,021,524</u>
Total Fund Balance - Restricted for Capital Projects				<u>\$ 47,617,988</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Revenues and Other Financing Sources	
Bond Proceeds	\$ 48,536,000
Interest and Dividends on Investments	<u>217,465</u>
 Total Revenues and Other Financing Sources	 <u>48,753,465</u>
 Expenditures and Other Financing Uses	
Expenditures	
Legal Services	83,592
Architectural/Engineering Services	647,459
Purchased Professional/Technical Services	21,621
Construction Services	815,440
Lease Purchase Agreements Principal	77,664
Other Objects	30,000
Other Financing Uses	
Transfers Out - General Fund	<u>214,809</u>
 Total Expenditures and Other Financing Uses	 <u>1,890,585</u>
 Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	 46,862,880
 Fund Balance- Beginning	 <u>755,108</u>
 Fund Balance- Ending	 <u>\$ 47,617,988</u>
 <u>Reconciliation to GAAP</u>	
 Fund Balance, End of Year - Budgetary Basis	 <u>\$ 47,617,988</u>
 Fund Balance, June 30, 2018- GAAP	 <u>\$ 47,617,988</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS**

**PARTIAL ROOF REPLACEMENT AND RELATED MASONRY REPAIRS AT SCHOOL NUMBER 7 AND PARTIAL
ROOF REPLACEMENT AT BELLEVILLE HIGH SCHOOL AND ELECTRIC SERVICE UPGRADE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ 1,025,000		\$ 1,025,000	\$ 1,025,000
Interest Earnings	477	\$ 839	1,316	1,316
	<u>1,025,477</u>	<u>839</u>	<u>1,026,316</u>	<u>1,026,316</u>
Expenditures and Other Financing Uses				
Purchased Professional/Technical Services	29,233	3,731	32,964	36,733
Construction Services	880,406	96,194	976,600	988,083
Other Objects	1,500	-	1,500	1,500
	<u>911,139</u>	<u>99,925</u>	<u>1,011,064</u>	<u>1,026,316</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 114,338</u>	<u>\$ (99,086)</u>	<u>\$ 15,252</u>	<u>\$ -</u>

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
ACQUISITION AND INSTALLATION OF SECURITY SYSTEM AND NETWORK UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ 1,950,000		\$ 1,950,000	\$ 1,950,000
Interest Earnings	<u>33</u>	<u>-</u>	<u>33</u>	<u>33</u>
Total Revenues and Other Financing Sources	<u>1,950,033</u>	<u>-</u>	<u>1,950,033</u>	<u>1,950,033</u>
Expenditures and Other Financing Uses				
Construction Services	1,948,916	\$ 117	1,949,033	1,949,033
Other Objects	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total Expenditures and Other Financing Uses	<u>1,949,916</u>	<u>117</u>	<u>1,950,033</u>	<u>1,950,033</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 117</u>	<u>\$ (117)</u>	<u>\$ -</u>	<u>\$ -</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
IP INTEGRATION SERVICES AND NETWORK CABLING/ REFRESHING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ 3,323,512		\$ 3,323,512	\$ 3,323,512
Interest Earnings	519	\$ 125	644	644
	<u>3,324,031</u>	<u>125</u>	<u>3,324,156</u>	<u>3,324,156</u>
Expenditures and Other Financing Uses				
Equipment	307,499		307,499	307,499
Construction Services	2,938,993		2,938,993	2,938,993
Lease Purchase Principal	-	77,664	77,664	77,664
	<u>3,246,492</u>	<u>77,664</u>	<u>3,324,156</u>	<u>3,324,156</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 77,539</u>	<u>\$ (77,539)</u>	<u>\$ -</u>	<u>\$ -</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
BOILER REPLACEMENT AT SCHOOL NUMBER EIGHT AND THE MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ 2,193,829		\$ 2,193,829	\$ 2,400,000
Interest Earnings	3,520	\$ 1,692	5,212	5,212
	<u>2,197,349</u>	<u>1,692</u>	<u>2,199,041</u>	<u>2,405,212</u>
Expenditures and Other Financing Uses				
Purchased Professional/Technical Services	135,037		135,037	396,956
Rentals	319,685		319,685	278,150
Construction Services	1,135,686		1,135,686	1,216,015
Other Objects - Interest	43,827	-	43,827	514,091
	<u>1,634,235</u>	<u>-</u>	<u>1,634,235</u>	<u>2,405,212</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 563,114</u>	<u>\$ 1,692</u>	<u>\$ 564,806</u>	<u>\$ -</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
2017 REFERENDUM - DISTRICT WIDE FACILITIES, RENOVATIONS, UPGRADES, AND IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	-	\$ 48,536,000	\$ 48,536,000	\$ 48,536,601
Total Revenues and Other Financing Sources	-	48,536,000	48,536,000	48,536,601
Expenditures and Other Financing Uses				
Expenditures				
Legal Services		83,592	83,592	83,592
Architectural/Engineering Services		647,459	647,459	2,093,345
Other Purchased Professional and Technical Services		17,890	17,890	544,440
Construction Services		719,129	719,129	45,772,624
Other Objects	-	30,000	30,000	42,600
Total Expenditures and Other Financing Uses	-	1,498,070	1,498,070	48,536,601
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	-	\$ 47,037,930	\$ 47,037,930	\$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	11/7/2017
Bonds Authorized	\$ 48,536,601
Bonds Issued	\$ 48,536,000
Original Authorized Cost	\$ 48,536,601
Additional Authorized Cost	-
Revised Authorized Cost	48,536,601
Percentage Increase Over Original Authorized Cost	-
Percentage Completion	0.00%
Original Target Completion Date	August 30, 2020
Revised Target Completion Date	August 30, 2020

PROPRIETARY FUNDS

EXHIBIT G-1

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

FIDUCIARY FUNDS

AGENCY FUNDS

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2018**

	Agency		
	Student Activity	Payroll	Total
ASSETS			
Cash	\$ 163,725	\$ 370,082	\$ 533,807
Total Assets	\$ 163,725	\$ 370,082	\$ 533,807
LIABILITIES			
Due to Student Groups	\$ 163,725		\$ 163,725
Payroll Deductions and Withholdings		\$ 338,691	338,691
Due to Other Funds	-	31,391	31,391
Total Liabilities	\$ 163,725	\$ 370,082	\$ 533,807

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN
 FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**FINANCIAL STATEMENTS ARE PRESENTED
 ON EXHIBIT B-8**

**AGENCY FUNDS
 STUDENT ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance, July 1, <u>2017</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2018</u>
Elementary Schools:				
Summer Program	\$ 5,299	\$ 8,597	\$ 7,219	\$ 6,677
Middle School	19,907	53,959	47,898	25,968
Senior High School	<u>149,796</u>	<u>201,373</u>	<u>220,089</u>	<u>131,080</u>
Total All Schools	<u>\$ 175,002</u>	<u>\$ 263,929</u>	<u>\$ 275,206</u>	<u>\$ 163,725</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
AGENCY FUNDS
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance, July 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2018</u>
ASSETS				
Cash and Cash Equivalents	\$ 422,461	\$ 71,053,136	\$ 71,105,515	\$ 370,082
Total Assets	<u>\$ 422,461</u>	<u>\$ 71,053,136</u>	<u>\$ 71,105,515</u>	<u>\$ 370,082</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 350,953	\$ 45,159,723	\$ 45,171,985	\$ 338,691
Accrued Salaries and Wages		25,864,646	25,864,646	
Due to Other Funds	<u>71,508</u>	<u>28,767</u>	<u>68,884</u>	<u>31,391</u>
Total Liabilities	<u>\$ 422,461</u>	<u>\$ 71,053,136</u>	<u>\$ 71,105,515</u>	<u>\$ 370,082</u>

LONG-TERM DEBT

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>					
2018 School Bonds	3/22/2018	\$ 48,536,000	9/1/2019	\$ 2,526,000	3.00%				
			9/1/2020	1,370,000	3.00%				
			9/1/2021	1,405,000	3.00%				
			9/1/2022	1,450,000	3.00%				
			9/1/2023	1,495,000	3.00%				
			9/1/2024	1,540,000	3.00%				
			9/1/2025	1,585,000	3.00%				
			9/1/2026	1,635,000	3.00%				
			9/1/2027	1,685,000	3.00%				
			9/1/2028	1,735,000	3.00%				
			9/1/2029	1,795,000	3.00%				
			9/1/2030	1,850,000	3.13%				
			9/1/2031	1,915,000	3.25%				
			9/1/2032	1,990,000	3.25%				
			9/1/2033	2,065,000	3.50%				
			9/1/2034	2,150,000	4.00%				
			9/1/2035	2,235,000	4.00%				
			9/1/2036	2,325,000	4.00%				
			9/1/2037	2,420,000	4.00%				
			9/1/2038	2,520,000	4.00%				
			9/1/2039	2,625,000	4.00%				
9/1/2040-42	2,740,000	4.00%	-	\$ 48,536,000	-	\$ 48,536,000			
						\$ -	\$ 48,536,000	\$ -	\$ 48,536,000

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND LEASE-PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
<u>CAPITAL LEASES</u>						
5 School Buses	\$ 452,873	2.63%	\$ 176,894		\$ 176,894	
5 School Buses Refinanced	181,151	2.85%		\$ 181,151	46,898	\$ 134,253
Acquisition and Installation of Security System and Network Upgrades	1,950,000	1.12%	402,553		402,553	
IP Integration Services and Network Cabling and Refreshing	3,323,512	2.189%	1,351,983		668,673	683,310
Boiler Replacement at School No. 8 and the Middle School	2,193,829	2.82%	2,193,829		463,911	1,729,918
<u>LEASE-PURCHASE AGREEMENTS</u>						
Chromebooks	402,666	3.16%	-	402,666	138,420	264,246
			<u>\$ 4,125,259</u>	<u>\$ 583,817</u>	<u>\$ 1,897,349</u>	<u>\$ 2,811,727</u>
					Paid by Budget Appropriation \$ 1,642,791	
					Paid with Unexpended Lease Proceeds 77,664	
					Refunded 176,894	
					<u>\$ 1,897,349</u>	

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2018**

NOT APPLICABLE

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STATISTICAL SECTION

This part of the Belleville Township School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017	2018
Governmental activities										
Net Investment in Capital Assets	\$ 5,980,916	\$ 6,103,240	\$ 5,960,277	\$ 5,476,606	\$ 5,505,798	\$ 5,513,725	\$ 5,984,419	\$ 6,536,372	\$ 7,066,551	\$ 8,129,551
Restricted	447,023	90,310	90,310	90,310				676,149	1,694,143	2,629,937
Unrestricted	(4,065,793)	(4,374,982)	(3,404,453)	(2,179,112)	(2,667,763)	(24,352,115)	(23,203,444)	(22,069,596)	(22,621,063)	(22,860,737)
Total governmental activities net position	<u>\$ 2,362,146</u>	<u>\$ 1,818,568</u>	<u>\$ 2,646,134</u>	<u>\$ 3,387,804</u>	<u>\$ 2,838,035</u>	<u>\$ (18,838,390)</u>	<u>\$ (17,219,025)</u>	<u>\$ (14,857,075)</u>	<u>\$ (13,860,369)</u>	<u>\$ (12,101,249)</u>
Business-type activities										
Net Investment in Capital Assets	\$ 98,679	\$ 134,953	\$ 158,249	\$ 139,998	\$ 107,347	\$ 79,214	\$ 203,689	\$ 144,244	\$ 101,892	\$ 60,758
Restricted	156,596	234,957	310,712	413,791						
Unrestricted					261,874	170,029	202,415	168,548	116,456	159,570
Total business-type activities net position	<u>\$ 255,275</u>	<u>\$ 369,910</u>	<u>\$ 468,961</u>	<u>\$ 553,789</u>	<u>\$ 369,221</u>	<u>\$ 249,243</u>	<u>\$ 406,104</u>	<u>\$ 312,792</u>	<u>\$ 218,348</u>	<u>\$ 220,328</u>
District-wide										
Net Investment in Capital Assets	\$ 6,079,595	\$ 6,238,193	\$ 6,118,526	\$ 5,616,604	\$ 5,613,145	\$ 5,592,939	\$ 6,188,108	\$ 6,680,616	\$ 7,168,443	\$ 8,190,309
Restricted	603,619	325,267	401,022	504,101	-	-	-	676,149	1,694,143	2,629,937
Unrestricted	(4,065,793)	(4,374,982)	(3,404,453)	(2,179,112)	(2,405,889)	(24,182,086)	(23,001,029)	(21,901,048)	(22,504,607)	(22,701,167)
Total district net position	<u>\$ 2,617,421</u>	<u>\$ 2,188,478</u>	<u>\$ 3,115,095</u>	<u>\$ 3,941,593</u>	<u>\$ 3,207,256</u>	<u>\$ (18,589,147)</u>	<u>\$ (16,812,921)</u>	<u>\$ (14,544,283)</u>	<u>\$ (13,642,021)</u>	<u>\$ (11,880,921)</u>

Note 1 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB No. 68, "Accounting and Financial Reporting for Pensions".

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 25,614,309	\$ 28,820,781	\$ 26,803,278	\$ 26,803,278	\$ 28,096,259	\$ 29,359,361	\$ 31,848,519	\$ 33,204,564	\$ 37,115,854	\$ 38,611,186
Special Education	5,694,473	5,774,871	6,475,254	6,475,254	11,247,415	14,259,892	14,795,513	14,015,994	15,165,972	16,017,452
Other Education	3,424,402	3,199,050	3,428,171	3,428,171	3,490,781	2,696,274	2,992,762	3,711,081	4,457,171	3,869,094
School Sponsored Activities and Athletics	1,058,623	1,074,939	752,773	752,773	858,266	901,700	939,711	942,304	1,125,987	1,378,097
Community Services				854						
Support Services:										
Tuition	3,335,392	3,337,206	2,808,929	4,056,220	-					
Student & Instruction Related Services	8,254,068	8,646,165	8,703,081	8,046,007	8,466,757	8,242,412	9,153,952	9,317,872	10,249,971	10,418,561
General Administrative Services	2,221,811	2,302,139	2,264,597	2,385,665	2,300,841	1,739,238	2,142,876	2,737,192	2,305,809	2,342,139
School Administrative Services	4,329,659	4,361,647	3,911,559	4,301,275	4,612,201	5,404,032	4,435,456	6,331,181	7,664,156	7,356,090
Central Administrative Services						1,314,961	1,652,492	1,687,127	1,813,496	1,788,962
Plant Operations and Maintenance	5,352,901	5,401,538	5,473,863	5,526,539	6,035,508	7,725,157	5,635,419	6,350,149	6,853,846	7,766,723
Pupil Transportation	2,545,750	2,584,583	2,443,239	2,650,853	2,798,546	3,364,058	3,527,897	3,048,329	2,946,159	3,052,265
Special Schools	107,962									
Charter Schools		19,910	13,881	76,130						
Unallocated Depreciation	462,081	408,581	411,836	394,881	640,723					
Interest on Long Term Debt						79,305	88,069	108,879	115,860	554,394
Total Governmental Activities Expenses	62,401,431	65,931,410	63,490,461	64,897,900	68,547,297	75,086,390	77,212,666	81,454,672	89,814,281	93,154,963
Business-Type Activities:										
Food service	1,745,759	1,814,275	1,850,369	2,053,616	2,069,270	2,128,248	2,114,192	2,115,354	2,174,321	1,907,017
Total Business-Type Activities Expense	1,745,759	1,814,275	1,850,369	2,053,616	2,069,270	2,128,248	2,114,192	2,115,354	2,174,321	1,907,017
Total District Expenses	\$ 64,147,190	\$ 67,745,685	\$ 65,340,830	\$ 66,951,516	\$ 70,616,567	\$ 77,214,638	\$ 79,326,858	\$ 83,570,026	\$ 91,988,602	\$ 95,061,980
Program Revenues										
Governmental Activities:										
Charges for Services						35,448	151,999	230,509	181,435	181,187
Operating Grants and Contributions	4,352,348	5,619,617	6,068,699	5,492,802	8,800,769	11,453,747	19,446,982	23,332,011	29,122,236	30,712,757
Capital Grants and Contributions	-	-	-	-	-	5,657	8,697	87,646	154,984	107,711
Total Governmental Activities Program Revenues	4,352,348	5,619,617	6,068,699	5,492,802	8,800,769	11,494,852	19,607,678	23,650,166	29,458,655	31,001,655

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-Type Activities:										
Charges for Services										
Food Service	\$ 734,506	\$ 700,377	\$ 657,873	\$ 655,259	\$ 613,357	\$ 706,289	\$ 673,996	\$ 666,206	\$ 650,743	\$ 643,355
Operating Grants and Contributions	805,502	976,316	1,022,207	1,206,613	1,271,126	1,301,807	1,337,727	1,355,359	1,428,598	1,263,351
Total Business Type Activities Program Revenues	1,540,008	1,676,693	1,680,080	1,861,872	1,884,483	2,008,096	2,011,723	2,021,565	2,079,341	1,906,706
Total District Program Revenues	\$ 5,892,356	\$ 7,296,310	\$ 7,748,779	\$ 7,354,674	\$ 10,685,252	\$ 13,502,948	\$ 21,619,401	\$ 25,671,731	\$ 31,537,996	\$ 32,908,361
Net (Expense)/Revenue										
Governmental Activities	\$ (58,049,083)	\$ (60,311,793)	\$ (57,421,762)	\$ (59,405,098)	\$ (59,746,528)	\$ (63,591,538)	\$ (57,604,988)	\$ (57,804,506)	\$ (60,355,626)	\$ (62,153,308)
Business-Type Activities	(205,751)	(137,582)	(170,289)	(191,744)	(184,787)	(120,152)	(102,469)	(93,789)	(94,980)	(311)
Total District-Wide Net Expense	\$ (58,254,834)	\$ (60,449,375)	\$ (57,592,051)	\$ (59,596,842)	\$ (59,931,315)	\$ (63,711,690)	\$ (57,707,457)	\$ (57,898,295)	\$ (60,450,606)	\$ (62,153,619)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	31,691,984	31,691,984	32,959,663	\$ 32,959,663	\$ 32,959,663	\$ 34,177,243	\$ 36,249,715	\$ 37,665,506	\$ 38,667,832	\$ 39,764,229
Unrestricted Grants and Contributions	25,102,296	28,047,188	25,587,305	27,269,440	26,074,345	22,253,116	22,982,748	22,214,027	22,523,414	23,411,569
Restricted Grants and Contributions		13,245	439,295		69,485					
Tuition Received	93,616	94,998	61,355	26,699						
Investment Earnings	14,473	16,266	8,586	4,900						
Miscellaneous Income	104,955	156,407	175,589	171,780	93,266	91,045	113,690	286,923	161,086	736,630
Capital Assets Retired Net of Accumulated Depreciation	(71,845)		(56,000)	(9,329)						
State Aid Receivable Cancelled										
Transfers	(244,293)	(251,872)	(269,014)	(276,383)			(105,000)			
Total Governmental Activities	56,691,186	59,768,216	58,906,779	60,146,770	59,196,759	56,521,404	59,241,153	60,166,456	61,352,332	63,912,428
Business-Type Activities:										
Investment Earnings	298	345	326	189	219	174	176	477	536	2,291
Transfers	244,293	251,872	269,014	276,383			105,000			
Total Business-Type Activities	244,591	252,217	269,340	276,572	219	174	105,176	477	536	2,291
Total District-Wide	\$ 56,935,777	\$ 60,020,433	\$ 59,176,119	\$ 60,423,342	\$ 59,196,978	\$ 56,521,578	\$ 59,346,329	\$ 60,166,933	\$ 61,352,868	\$ 63,914,719
Change in Net Position										
Governmental Activities	\$ (1,357,897)	\$ (543,577)	\$ 1,485,017	\$ 741,672	\$ (549,769)	\$ (7,070,134)	\$ 1,636,165	\$ 2,361,950	\$ 996,706	\$ 1,759,120
Business-Type Activities	38,840	114,635	99,051	84,828	(184,568)	(119,978)	2,707	(93,312)	(94,444)	1,980
Total District	\$ (1,319,057)	\$ (428,942)	\$ 1,584,068	\$ 826,500	\$ (734,337)	\$ (7,190,112)	\$ 1,638,872	\$ 2,268,638	\$ 902,262	\$ 1,761,100

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,288,262	\$ 562,265								
Unreserved	(1,775,829)	(1,719,713)								
Restricted								\$ 676,149	\$ 1,579,805	\$ 2,614,685
Committed										
Assigned			\$ 1,066,348	\$ 1,783,404	\$ 411,044	\$ 584,066	\$ 551,059	966,275	893,042	1,407,696
Unassigned			(1,753,025)	(1,262,908)	(1,640,025)	(6,920,154)	(1,981,773)	(1,863,401)	(1,845,705)	(1,915,481)
Total General Fund	\$ (487,567)	\$ (1,157,448)	\$ (686,677)	\$ 520,496	\$ (1,228,981)	\$ (6,336,088)	\$ (1,430,714)	\$ (220,977)	\$ 627,142	\$ 2,106,900
All Other Governmental Funds										
Reserved										
Unreserved, Reported in:										
Special Revenue Fund										
Capital Projects Fund										
Restricted for:										
Capital Projects Fund					898,000	148,543	1,308,242	1,650,496	755,108	47,617,988
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ 898,000	\$ 148,543	\$ 1,308,242	\$ 1,650,496	\$ 755,108	\$ 47,617,988

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Type Definitions." The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 31,691,984	\$ 31,691,984	\$ 32,959,663	\$ 32,959,563	\$ 32,959,663	\$ 34,177,243	\$ 36,249,715	\$ 37,665,506	\$ 38,667,832	\$ 39,764,229
Tuition	93,616	94,998	61,355	26,899		21,168	151,649	230,509	181,435	181,187
Transportation Fees						14,280	350			
Interest Earnings						-				
Miscellaneous	119,132	171,238	183,586	176,528	93,266	116,401	144,339	286,276	187,963	653,948
State Sources	27,134,103	26,263,729	27,766,521	29,273,069	32,400,542	31,221,147	33,369,666	33,425,734	34,601,723	36,621,456
Federal Sources	2,287,492	7,394,317	4,312,478	3,460,554	2,474,572	2,466,017	2,304,352	3,182,483	2,747,104	2,837,765
Private Sources	33,048	22,004	16,300	28,618	69,485	-	-	-	-	-
Total revenue	61,359,375	65,638,270	65,299,903	65,925,231	67,997,528	68,016,256	72,220,071	74,790,508	76,386,057	80,058,585
Expenditures										
Instruction										
Regular Instruction	19,560,995	21,509,273	20,320,443	19,258,186	20,455,246	28,237,321	27,736,394	27,776,518	28,746,500	30,966,696
Special Education Instruction	4,242,045	4,144,156	4,441,093	4,513,484	9,665,269	13,886,060	13,859,517	12,883,573	13,153,460	13,814,685
Other Instruction	2,538,582	2,282,075	2,337,533	2,375,586	2,463,787	2,589,920	2,593,607	3,125,208	3,427,976	3,041,495
School Sponsored Activities and Athletics	833,596	815,271	650,230	570,048	663,163	871,950	922,027	909,795	1,042,918	1,110,925
Community Service Programs				854						
Support Services:										
Instruction - Tuition	3,335,392	3,337,206	2,808,929	4,056,220						
Student & Inst. Related Services	6,543,789	6,788,699	6,905,529	6,197,196	6,405,219	7,963,690	8,183,981	8,081,925	8,330,889	8,657,642
General Administrative						1,702,703	2,085,684	2,665,188	2,171,704	2,097,127
School Administrative Services	3,227,418	3,150,046	2,793,659	3,000,652	3,305,995	5,194,945	3,973,916	5,471,386	6,030,603	5,882,759
Central Administrative Services						1,280,768	1,523,341	1,624,441	1,702,511	1,584,020
Other Administrative Services	1,803,518	1,831,341	1,844,179	1,918,343	2,229,402	-				
Operations and Maintenance	4,522,597	4,427,767	4,406,715	4,376,102	4,762,829	7,500,158	5,368,915	5,981,135	5,866,137	6,255,547
Pupil Transportation	2,204,730	2,210,292	2,064,803	2,262,663	2,514,617	3,291,038	3,477,562	2,917,804	2,766,544	2,791,865
Unallocated Benefits	12,792,767	14,286,043	14,837,925	15,320,377	16,611,562					
Special Schools										
Transfer to Charter Schools	107,962	19,910	13,881	76,130						
Debt Service										
Principal					375,339	734,819	1,490,947	1,916,388	1,830,984	2,136,698
Interest						54,313	82,028	107,605	111,972	92,727
Capital Outlay	801,263	713,785	522,994	97,287	1,334,449	2,751,170	2,238,017	1,971,380	1,251,128	2,226,684
Total Governmental Fund Expenditures	62,514,654	65,515,864	63,947,913	64,023,128	70,786,877	76,058,855	73,535,936	75,432,346	76,433,326	80,658,870
Excess (Deficiency) of revenues over (under) expenditures	(1,155,279)	122,406	1,351,990	1,902,103	(2,789,349)	(8,042,599)	(1,315,865)	(641,838)	(47,269)	(600,285)

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BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing sources (uses)										
Bond Proceeds										\$ 48,536,000
Capital Leases/Lease-Purchases					\$ 1,937,873	\$ 2,186,035	\$ 3,323,512	\$ 2,193,829		402,666
Refunding Capital Leases										181,151
Payment to Refund Capital Lease										(176,894)
Transfers in	\$ 33,015	356,713								214,809
Transfers out	(428,306)	(1,149,001)	\$ (881,220)	\$ (694,930)			(105,000)			(214,809)
State Aid Advance Loan Proceeds						-	4,162,426			
Total other financing sources (uses)	<u>(395,291)</u>	<u>(792,288)</u>	<u>(881,220)</u>	<u>(694,930)</u>	<u>1,937,873</u>	<u>2,186,035</u>	<u>7,380,938</u>	<u>2,193,829</u>	<u>-</u>	<u>48,942,923</u>
Net change in fund balances	<u>\$ (1,550,570)</u>	<u>\$ (669,882)</u>	<u>\$ 470,770</u>	<u>\$ 1,207,173</u>	<u>\$ (851,476)</u>	<u>\$ (5,856,564)</u>	<u>\$ 6,065,073</u>	<u>\$ 1,551,991</u>	<u>\$ (47,269)</u>	<u>\$ 48,342,638</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.54%	1.08%	2.21%	2.76%	2.58%	2.84%

* Noncapital expenditures are total expenditures less capital outlay.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Tuition</u>	<u>Transportation Fees</u>	<u>Interest on Investments</u>	<u>Gate Receipts</u>	<u>Miscellaneous Fees</u>	<u>Refunds</u>	<u>Voided Outstanding Checks</u>	<u>Other Misc.</u>	<u>Total</u>
2009	\$ 93,616	\$ 10,403	\$ 14,177			\$ 65,367			\$ 183,563
2010	94,998	18,030	16,112			111,520			240,660
2011	61,355	19,095	8,427			111,181			200,058
2012	26,699	28,647	4,848			113,750			173,944
2013			9,683			62,760			72,443
2014	21,168	14,280	7,892		\$ 11,087	37,228		\$ 34,723	126,378
2015	151,649	350	10,047			79,568		23,670	265,284
2016	230,509	850	12,454	\$ 9,423	8,342	126,738	\$ 84,144	42,318	514,778
2017	181,435	-	19,086	8,538	6,301	35,860		87,261	338,481
2018	181,187	-	64,523	11,551	31,066	128,464		152,591	569,382

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate *
2009	\$ 63,067,000	\$ 2,567,684,702		\$ 334,527,700	\$ 167,707,000	\$ 261,608,800	\$ 3,394,595,202	\$ 4,200,950	\$ 3,398,796,152	\$ 3,718,167,748	\$ 0.933
2010	59,270,400	2,504,842,452		324,554,350	146,289,900	245,014,600	3,279,971,702	4,056,500	3,284,028,202	3,567,135,218	1.004
2011	81,072,280	2,078,775,000		309,523,000	159,276,850	235,705,600	2,864,352,730	8,314,100	2,872,666,830	3,503,942,829	1.160
2012	46,700,780	2,045,375,500		299,717,800	136,380,450	213,775,750	2,741,950,280	6,458,076	2,748,408,356	2,982,890,760	1.199
2013	44,590,880	1,994,921,600		294,635,600	133,782,550	213,202,050	2,681,132,680	6,186,500	2,687,319,180	2,918,535,288	1.272
2014	42,638,180	1,989,920,400		301,318,400	131,609,250	213,901,650	2,679,387,880	5,589,772	2,684,977,652	2,850,879,126	1.350
2015	43,391,480	1,989,053,050		300,728,800	129,236,250	219,413,050	2,681,822,630	5,591,772	2,687,414,402	2,799,204,926	1.402
2016	51,164,380	1,990,272,550		301,983,200	123,162,150	212,165,950	2,678,748,230	5,912,200	2,684,960,430	2,781,981,547	1.440
2017	41,897,880	1,993,404,400		296,131,350	128,147,550	209,359,250	2,668,940,430	6,505,628	2,675,446,058	2,719,414,127	1.486
2018	41,271,880	1,993,549,500		303,504,950	128,209,750	209,568,950	2,676,105,030	6,565,100	2,682,670,130	2,767,367,474	1.554

Source: County Abstract of Ratables

* Tax rates are per \$100

EXHIBIT J-7

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)**

Calendar Year	Total Direct School Tax Rate		Overlapping Rates		Total Direct and Overlapping Tax Rate
	Belleville Local School District	Municipality of Belleville	County of Essex		
2009	\$ 0.933	\$ 1.104	\$ 0.427	\$	2.464
2010	1.004	1.262	0.441		2.707
2011	1.160	1.504	0.538		3.202
2012	1.199	1.598	0.491		3.288
2013	1.272	1.678	0.530		3.480
2014	1.350	1.708	0.547		3.605
2015	1.402	1.765	0.537		3.704
2016	1.440	1.850	0.544		3.834
2017	1.486	1.867	0.524		3.877
2018	1.554	1.940	0.516		4.010

Source: Municipal Tax Collector

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
LAST YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2017 *		2008 *	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Branch Brook Garden	\$ 36,722,900	1.37%	\$ 42,007,500	1.24%
Clara Maass Health Systems	23,521,600	0.88%	16,312,800	0.48%
432 Owners, Inc	17,250,000	0.64%		
Route 21 Assoc of Belleville LLC	14,435,000	0.54%	22,115,000	0.65%
Belleville Industrial Center C/O Heron	12,505,600	0.47%	17,539,100	0.52%
Oster Belleville Properties LLC	11,405,000	0.43%	11,405,000	0.34%
Belleville Center LLC	10,804,200	0.40%	12,052,300	0.35%
SROA Belleville Property LLC	9,797,700	0.37%		
SH726 LLC	7,900,000	0.30%		
Venture, Draisin-Levco Blville Assoc	7,661,500	0.29%		
Belleville Industrial Properties Bldg 12	-		11,695,300	0.34%
Arbor Hills			33,000,000	0.97%
Rouche Diagnostics			29,856,100	0.88%
K-Mart			10,745,100	0.32%
	<u>\$ 91,759,000</u>	<u>3.43%</u>	<u>\$ 206,728,200</u>	<u>6.09%</u>

Source: Municipal Tax Assessor

* 2018 and 2009 Information Not Available

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 31,691,984	\$ 31,691,984	100.00%	
2010	31,691,984	31,691,984	100.00%	
2011	32,959,663	32,959,663	100.00%	
2012	32,959,663	32,959,663	100.00%	
2013	32,959,663	32,959,663	100.00%	
2014	34,177,243	34,177,243	100.00%	
2015	36,249,715	36,249,715	100.00%	
2016	37,665,506	37,665,506	100.00%	
2017	38,667,832	38,667,832	100.00%	
2018	39,764,229	39,764,229	100.00%	

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Lease Purchase Agreements			
2009		\$ 12,195		\$ 12,195	33,755	\$ 0.36
2010		3,113		3,113	33,842	0.09
2011				-	35,862	-
2012				-	36,014	-
2013		1,937,873		1,937,873	36,039	53.77
2014		2,815,293	\$ 198,458	3,013,751	36,165	83.33
2015		4,731,651	114,665	4,846,316	36,323	133.42
2016		5,540,000		5,540,000	36,416	152.13
2017		4,125,259		4,125,259	36,511	112.99
2018	\$ 48,536,000	2,547,481	264,246	51,347,727	36,498	1,406.86

Source: District records

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita
	General Obligation Bonds	Deductions			
2009			-	0.00%	-
2010			-	0.00%	-
2011			-	0.00%	-
2012			-	0.00%	-
2013			-	0.00%	-
2014			-	0.00%	-
2015			-	0.00%	-
2016			-	0.00%	-
2017			-	0.00%	-
2018	\$ 48,536,000		\$ 48,536,000	1.81%	\$ 1,330

Source: District records

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Belleville Township School District (as of June 30, 2018)	\$ 48,536,601
Township of Belleville	<u>25,026,099</u>
	<u>73,562,700</u>
Overlapping Debt Apportioned to the Municipality:	
Essex County:	
County of Essex (A)	13,032,219
Passaic Valley Sewerage Authority (B)	<u>3,761,236</u>
Total Overlapping Debt	<u>16,793,455</u>
Total Direct and Overlapping Debt	<u>\$ 90,356,155</u>

Source:

(1) Township's 2017 Annual Debt Statement

(A) The debt for this entity was apportioned to the municipality by dividing the municipality's 2017 equalized value by the total 2017 equalized value for Essex County.

(B) The debt was computed based upon municipal flow to the Authority.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis	
	2017	\$ 2,729,815,311
	2016	2,698,477,266
	2015	2,784,862,544
		<u>\$ 8,213,155,121</u>
Average equalized valuation of taxable property		<u>\$ 2,737,718,374</u>
Debt limit (4 % of average equalization value)		\$ 109,508,735
Total Net Debt Applicable to Limit		<u>48,536,601</u>
Legal debt margin		<u>\$ 60,972,134</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 141,863,264	\$ 145,875,347	\$ 143,752,537	\$ 135,233,184	\$ 125,924,316	\$ 113,753,774	\$ 111,578,386	\$ 109,971,672	\$ 109,508,735
Total net debt applicable to limit						-	-	-	48,536,601
Legal debt margin	<u>\$ 141,863,264</u>	<u>\$ 145,875,347</u>	<u>\$ 143,752,537</u>	<u>\$ 135,233,184</u>	<u>\$ 125,924,316</u>	<u>\$ 113,753,774</u>	<u>\$ 111,578,386</u>	<u>\$ 109,971,672</u>	<u>\$ 60,972,134</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	44.32%

Source: Annual Debt Statements

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)**

<u>Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	33,755	\$ 51,448	10.70%
2010	33,842	51,866	11.10%
2011	35,862	54,345	10.70%
2012	36,014	54,842	10.80%
2013	36,039	55,455	9.50%
2014	36,165	57,541	7.90%
2015	36,323	59,863	6.30%
2016	36,416	60,887	5.40%
2017	36,511	not available	5.20%
2018	36,498	not available	not available

Source: New Jersey State Department of Education

(E) - Estimate

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

	<u>2018</u>		<u>2009</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION IS NOT AVAILABLE

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	243.0	241.0	230.0	242.0	327.0	249.0	270.0	293.0	238.0	229.0
Special Education	90.0	88.0	83.0	84.0	45.0	144.0	138.0	45.0	70.0	53.0
Other Special Education	40.0	36.0	36.0	40.0	28.0	29.0	29.0	44.0	104.0	107.0
Other Instruction	1.0	1.0	1.0			1.0	1.0	1.0	-	-
Support Services:										
Student and Instruction Related Services	77.0	68.0	74.0	57.0	56.0	69.0	67.0	33.0	51.0	33.0
General Administrative Services	5.0	5.0	7.0	6.0	5.0	5.0	5.0	5.0	11.0	-
School Administrative Services	34.0	34.0	29.0	32.0	27.0	39.0	42.0	21.0	17.0	35.0
Central Services	7.0	6.0	6.0	6.0	8.0	6.0	7.0	7.0	10.0	50.0
Administrative Information Technology	5.0	5.0	3.0	2.0	1.0	1.0	1.0	4.0	3.0	3.0
Plant Operations and Maintenance	40.0	40.0	38.0	42.0	59.0	50.0	47.0	36.0	39.0	36.0
Pupil Transportation	20.0	18.0	2.0	2.0	15.0	36.0	35.0	15.0	14.0	26.0
Other Support Services					18.0	23.0	23.0	16.0	15.0	63.0
						-				
Total	<u>562.0</u>	<u>542.0</u>	<u>509.0</u>	<u>513.0</u>	<u>589.0</u>	<u>652.0</u>	<u>665.0</u>	<u>520.0</u>	<u>572.0</u>	<u>635.0</u>

Source: District Personnel Records

N/A - Information is not available.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	High School				
2009	4,531	\$ 61,713,391	\$ 13,620	0.51%	346	17.0	12.0	11.3	4,459.3	4,181.7	1.10%	93.77%
2010	4,552	61,813,462	13,579	-0.30%	364	17.0	11.0	10.7	4,491.9	4,209.1	0.73%	93.70%
2011	4,626	63,424,919	13,711	0.97%	312	17.3	13.6	12.1	4,554.7	4,265.8	1.40%	93.66%
2012	4,705	64,023,128	13,607	-0.75%	337	15.4	12.6	12.3	4,648.9	4,387.2	2.07%	94.37%
2013	4,638	69,077,090	14,894	9.45%	328	12.3	11.9	11.9	N/A	N/A	N/A	N/A
2014	4,650	72,518,553	15,595	4.71%	342	12.3	16.3	13.7	4,430.8	4,428.5	N/A	99.95%
2015	4,761	69,724,944	14,645	-6.09%	342	12.6	16.9	13.4	4,666.1	4,461.4	5.31%	95.61%
2016	4,642	71,436,973	15,389	5.08%	338	14.0	13.8	12.3	4,593.4	3,977.8	-1.56%	86.60%
2017	4,587	73,239,242	15,967	3.75%	342	14.2	14.0	12.7	4,464.6	4,047.9	-2.80%	90.67%
2018	4,495	76,202,761	16,953	6.18%	390	13.7	15.2	14.6	4,487.2	4,182.5	0.51%	93.21%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

N/A - Information not available.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Building</u>										
<u>Elementary</u>										
School Three										
Square Feet	43,852	43,852	43,852	43,852	43,852	43,852	42,852	42,852	42,852	48,852
Capacity Students	299	299	299	299	299	299	299	299	299	299
Enrollment	379	379	379	379	388	342	341	338	306	343
School Four										
Square Feet	64,647	64,647	64,647	64,647	64,647	64,647	64,647	64,647	64,647	64,647
Capacity Students	434	434	434	434	434	434	434	434	434	434
Enrollment	364	382	382	382	410	368	374	360	349	322
School Five										
Square Feet	44,434	44,434	44,434	44,434	44,434	44,434	44,434	44,434	44,434	44,434
Capacity Students	333	333	333	333	333	333	333	333	333	333
Enrollment	401	393	393	393	413	339	347	308	328	355
School Seven										
Square Feet	52,030	52,030	52,030	52,030	52,030	52,030	52,030	52,030	52,030	52,030
Capacity Students	387	387	387	387	387	387	387	387	387	387
Enrollment	342	383	383	383	378	364	370	396	388	380
School Eight										
Square Feet	41,283	41,283	41,283	41,283	41,283	41,283	41,283	41,283	41,283	41,283
Capacity Students	430	430	430	430	430	430	430	430	430	430
Enrollment	524	533	533	533	542	465	447	430	430	442
School Nine										
Square Feet	16,167	16,167	16,167	16,167	16,167	16,167	16,167	16,167	16,167	16,167
Capacity Students	158	158	158	158	158	158	158	158	158	158
Enrollment	152	141	141	141	156	119	114	116	127	127
School Ten										
Square Feet	24,401	24,401	24,401	24,401	24,401	24,401	24,401	24,401	24,401	24,401
Capacity Students	169	169	169	169	169	169	169	169	169	169
Enrollment	167	184	184	184	214	166	163	148	166	168

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>District Building</u>										
<u>Middle School</u>										
Square Feet	148,552	148,552	148,552	148,552	148,552	148,552	148,552	148,552	148,552	148,552
Capacity Students	639	639	639	639	639	639	639	639	639	639
Enrollment	683	708	708	708	667	1,046	1,046	1,024	974	973
<u>High School</u>										
Square Feet	208,454	208,454	208,454	208,454	208,454	208,454	208,454	208,454	208,454	208,454
Capacity Students	1,474	1,474	1,474	1,474	1,474	1,474	1,474	1,474	1,474	1,474
Enrollment	1,453	1,454	1,454	1,454	1,443	1,510	1,460	1,404	1,388	1,378
<u>Other</u>										
School One										
Square Feet	33,512	33,512	33,512	33,512						
Garage Middle School										
Square Feet	465	465	465	465	465	465	465	465	465	465
Field House										
Square Feet	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080
Field House										
Square Feet	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080
Plant Building										
Square Feet	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
 Number of Schools at June 30, 2018										
Elementary	7									
Middle School	1									
High School	1									
Other	<u>3</u>									
	12									

Source: District Records

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)**

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
School Facilities										
School Three	\$ 36,702	\$ 29,035	\$ 81,151	\$ 94,660	\$ 90,411	\$ 115,324	\$ 76,151	\$ 65,827	\$ 71,216	\$ 88,401
School Four	20,821	43,851	29,228	104,830	74,583	95,135	62,820	54,303	58,749	72,925
School Five	38,130	78,430	105,709	53,009	51,547	65,751	43,417	37,531	40,603	50,401
School Seven	42,395	62,067	111,017	47,811	95,438	121,736	80,385	69,487	75,175	93,316
School Eight	75,102	83,178	153,380	80,265	102,985	131,363	86,742	74,982	81,120	100,695
School Nine	39,546	10,097	13,336	101,867	63,923	81,537	53,841	46,541	50,351	62,502
School Ten	70,626	19,191	99,919	48,564	42,567	54,297	35,854	30,993	33,530	41,622
Middle School	124,669	81,592	111,740	137,154	146,166	186,443	123,113	106,422	115,134	142,917
High School	<u>492,188</u>	<u>359,380</u>	<u>227,664</u>	<u>378,733</u>	<u>307,111</u>	<u>391,736</u>	<u>258,672</u>	<u>223,602</u>	<u>241,907</u>	<u>300,282</u>
Grand Total	<u>\$ 940,179</u>	<u>\$ 766,821</u>	<u>\$ 933,144</u>	<u>\$ 1,046,893</u>	<u>\$ 974,731</u>	<u>\$ 1,243,322</u>	<u>\$ 820,995</u>	<u>\$ 709,688</u>	<u>\$ 767,785</u>	<u>\$ 953,061</u>

Source: District Records

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - N.J. Schools Insurance Group		
Property:		
Blanket Building and Contents	\$ 156,103,442	
Boiler and Machinery	100,000,000	\$ 5,000
Real and Personal Property	500,000,000	5,000
Extra Expense	50,000,000	5,000
Valuable Papers and Records	10,000,000	5,000
Demolition and Increased Costs of Construction	25,000,000	
Fire Department Service Charge/Arson Reward	10,000	
Pollutant Cleanup and Removal	250,000	
Special Flood Hazard Area Flood Zones	25,000,000	500,000
All Flood Zones	75,000,000	10,000
Accounts Receivable	250,000	
Earthquake	50,000,000	
Terrorism	1,000,000	
<u>Leasing General Liability</u>		
Bodily Injury from Products and Completed Operations	11,000,000	N/A
Product & Completed Operations	11,000,000	
Personal & Advertising Injury	11,000,000	
Sexual Abuse	11,000,000	
Employee Benefits Liability	11,000,000	1,000
Premises Medical Payments	10,000	
Electronic Data Processing:		
Hardware/Software	3,500,000	1,000
Crime:		
Blanket Dishonest	500,000	1,000
Forgery or Alteration	100,000	1,000
Money and Securities	100,000	1,000
Money Order/Counterfeit	100,000	1,000
Computer Fraud	500,000	1,000
Public Officials Bond:		
Board Secretary	350,000	1,000
Treasurer	350,000	1,000
Automobile:		
Comprehensive Automobile Liability	11,000,000	1,000
Uninsured/Underinsured Motorists	1,000,000	
Personal Injury Protection	250,000	
Garage keepers Liability	Included	
Inland Marine:		
Blanket Hardware/Software	N/A	

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Belleville Township School District
Belleville, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Belleville Township School District as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Belleville Township School District's basic financial statements and have issued our report thereon dated January 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Belleville Township School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Belleville Township School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Belleville Township School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Belleville Township School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Belleville Township School District in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 30, 2019.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Belleville Township School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Belleville Township School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LERCH, VINCI & HIGGINS, LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 30, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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CHRIS SOHN, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE U.S. UNIFORM GUIDANCE
AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS REQUIRED BY NEW
JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Belleville Township School District
Belleville, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Belleville Township School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Belleville Township School District's major federal and state programs for the fiscal year ended June 30, 2018. The Belleville Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Belleville Township School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Belleville Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Belleville Township School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Belleville Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 through 2018-006. Our opinion on each major federal and state program is not modified with respect to these matters.

The Belleville Township School District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Belleville Township School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Belleville Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Belleville Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Belleville Township School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-004 and 2018-005 that we consider to be a significant deficiency.

The Belleville Township School District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Belleville Township School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

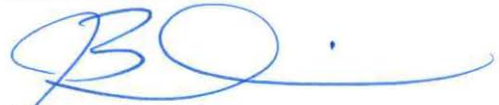
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Belleville Township School District, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated January 30, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 30, 2019

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance, June 30, 2017			Carryover/ (Walkover) Amount	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years Balances	Adjustments	Balance, June 30, 2018			Memo GAAP Receivable
					(Account Receivable)	Unearned Revenue	Due to Grantor	Def. Rev.	A/R					(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture																	
Passed-through State Department of Education																	
National School Lunch Program - Non Cash	10.555	181NJ304N1099	7/1/17-6/30/18	\$ 129,410					\$ 129,410	\$ 125,751					\$ 3,659		
National School Lunch Program - Non Cash	10.555	171NJ304N1099	7/1/16-6/30/17	144,925		\$ 7,017				7,017							
National School Lunch Program	10.555	181NJ304N1099	7/1/17-6/30/18	1,022,521					941,553	1,022,521				\$ (80,968)		\$ (80,968)	
National School Lunch Program	10.555	171NJ304N1099	7/1/16-6/30/17	1,155,546	\$ (93,881)				93,881								
National School Breakfast Program	10.553	181NJ304141099	7/1/17-6/30/18	85,947					78,586	85,947				(7,361)		(7,361)	
National School Breakfast Program	10.553	171NJ304141099	7/1/16-6/30/17	99,885	(9,470)				9,470								
Total Child Nutrition Cluster / Enterprise Fund					(103,351)	7,017			1,252,900	1,241,236				(88,329)	3,659	(88,329)	
General Fund																	
U.S. Department of Health and Human Services																	
Passed-through State Department of Education																	
Medical Assistance Program (SEMI)	93.778	1805NJSMAP	7/1/17-6/30/18	146,489					146,489	146,489							
Total General Fund									146,489	146,489							
U.S. Department of Education																	
Passed-through State Department of Education																	
Special Revenue Fund																	
ESSA - Title I, Part A	84.010	S010A170030	7/1/17-6/30/18	1,121,655			\$ (42,717)	\$ 42,717	1,042,917	1,103,026				(121,455)	61,346	(60,109)	
NCLB - Title I, Part A	84.010	S010A160030	7/1/16-6/30/17	1,083,080	(209,275)	42,715		42,717	(42,717)	166,560							
Total Title I					(209,275)	42,715			1,209,477	1,103,026				(121,455)	61,346	(60,109)	
IDEA Part B, Basic	84.027	H027A170100	7/1/17-6/30/18	1,102,957			(26,887)	26,887	1,095,489	1,123,733				(34,355)	6,111	(28,244)	
IDEA Part B, Basic	84.027	H027A160100	7/1/16-6/30/17	1,116,340	(109,587)	26,887		26,887	(26,887)	82,700							
IDEA Part B, Preschool Handicapped	84.173	H173A170114	7/1/17-6/30/18	24,444			(6,126)	6,126	24,444	24,444				(6,126)	6,126		
IDEA Part B, Preschool Handicapped	84.173	H173A160114	7/1/16-6/30/17	24,694	(28,431)	7,881		6,126	(6,126)	22,305	1,755						
Total Special Education Cluster					(138,018)	34,768			1,224,938	1,149,932				(40,481)	12,237	(28,244)	
Carl D. Perkins Vocation Education	84.048	V048A170030	7/1/17-6/30/18	50,952					41,032	50,293				(9,920)	659	(9,261)	
Carl D. Perkins Vocation Education	84.048	V048A160030	7/1/16-6/30/17	46,929	(4,461)	90			4,369								
Carl D. Perkins Vocation Education	84.048	N/A	7/1/14-6/30/15	52,382			\$ 8,122				\$ 8,122						
Total Carl D. Perkins Vocation Education					(4,461)	90	8,122		45,401	50,293	8,122	2		(9,920)	659	(9,261)	
ESSA Title II, Part A	84.367A	S367A170029	7/1/17-6/30/18	193,532			(44,018)	44,018	127,331	188,358				(110,219)	49,192	(61,027)	
NCLB Title II, Part A	84.367A	S367A160029	7/1/16-6/30/17	127,035	(95,043)	44,018		44,018	(44,018)	51,025							
Total Title II					(95,043)	44,018			178,356	188,358				(110,219)	49,192	(61,027)	
ESSA Title III - Language	84.365	S365A170030	7/1/17-6/30/18	47,879			(929)	929	24,531	48,662				(24,277)	146	(24,131)	
NCLB Title III - Language	84.365	S365A160030	7/1/16-6/30/17	53,622	(21,193)	930		929	(929)	20,264			(1)				
NCLB Title III - Language	84.365	N/A	7/1/14-6/30/15	75,961													
ESSA Title III - Immigrant	84.365	S365A170030	7/1/17-6/30/18	15,040			(6,137)	6,137	10,583	10,583				(10,594)	10,594		
NCLB Title III - Immigrant	84.365	S365A160030	7/1/16-6/30/17	14,796	(7,954)	6,137		6,137	(6,137)	1,817							
Total NCLB Title III					(29,147)	7,067	453		57,195	59,245	453	(1)		(34,871)	10,740	(24,131)	

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance, June 30, 2017			Carryover/ (Walkover) Amount Def. Rev.	Carryover/ (Walkover) Amount A/R	Cash Received	Budgetary Expenditures	Refund of Prior Years Balances	Adjustments	Balance, June 30, 2018			Memo GAAP Receivable
					(Account Receivable)	Unearned Revenue	Due to Grantor							(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education Passed-through State Department of Education																	
Special Revenue Fund																	
ESSA Title IV	84.424	S424A170031	7/1/17-6/30/18	14,490					\$ 11,819	\$ 11,819				\$ (2,671)	\$ 2,671		
Temporary Emergency Impact Aid	84.938C	S938C18005	7/1/17-6/30/18	127,500						127,500				(127,500)		\$ (127,500)	
Race to the Top Phase 3	84.413A	N/A	9/1/11-11/30/15	149,947		\$ 8,035					\$ 8,035						
U.S. Department of Homeland Security Passed Through State Department of Law and Public Safety																	
FEMA - Hurricane Sandy	97.036	N/A	9/01/12-8/31/13	14,001		\$ 14,001									14,001		
U.S. Department of Education Passed-Through County of Essex																	
Summer Youth Employment Training	17.265	N/A	7/01/12-6/30/13	4,667	-	4,026	-	-	-	-	-	-	-	-	4,026	-	
Total Special Revenue Fund					\$ (475,944)	146,685	16,610	-	-	2,727,186	2,690,173	16,610	1	(447,117)	154,872	-	(310,272)
Total Federal Awards					\$ (579,295)	\$ 153,702	\$ 16,610	\$ -	\$ -	\$ 4,126,575	\$ 4,077,898	\$ 16,610	\$ 1	\$ (535,446)	\$ 158,531	\$ -	\$ (398,601)

144 See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2018			Memo GAAP Receivable	Memo Cumulative Total Expenditures	
								(Accounts Receivable)	Unearned Revenue	Due to Grantor			
State Department of Education													
Current Expense:													
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 22,910,926		\$ 20,667,183	\$ 22,910,926		\$ (2,243,743)				\$ 22,910,926	
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	21,802,381	\$ (2,104,727)	2,104,727								
Under Adequacy Aid	18-495-034-5120-096	7/1/17-6/30/18	500,000		451,033	500,000		(48,967)				500,000	
Under Adequacy Aid	17-495-034-5120-096	7/1/16-6/30/17	500,000	(48,061)	48,061								
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	2,880,246		2,598,174	2,880,246		(282,072)				2,880,246	
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	2,880,246	(276,858)	276,858								
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	332,971		300,362	332,971		(32,609)				332,971	
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	332,971	(32,006)	32,006								
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	47,430		42,785	47,430		(4,645)				47,430	
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	47,430	(4,559)	4,559								
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	47,430		42,785	47,430		(4,645)				47,430	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	47,430	(4,559)	4,559								
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	45,960		41,459	45,960		(4,501)				45,960	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	45,960	(4,418)	4,418								
Total State Aid Public Cluster				(2,475,188)	26,618,969	26,764,963		(2,621,182)				26,764,963	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	221,550		199,853	221,550		(21,697)				221,550	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	221,550	(21,296)	21,296								
Non-Public School Transportation	18-495-034-5120-014	7/1/17-6/30/18	114,260		-	114,260		(114,260)			\$ (114,260)	114,260	
Non-Public School Transportation	17-495-034-5120-014	7/1/16-6/30/17	67,338	(67,338)	67,338								
Total Transportation Aid Cluster				(88,634)	288,487	335,810		(135,957)				(114,260)	335,810
Extraordinary Special Ed Costs Aid	18-495-034-5120-044	7/1/17-6/30/18	385,373			385,373		(385,373)				385,373	
Extraordinary Special Ed Costs Aid	17-495-034-5120-044	7/1/16-6/30/17	389,131	(389,131)	389,131								
Lead Testing for Schools Aid	18-495-034-5120-104	7/1/17-6/30/18	8,775		8,775	8,775						8,775	
On Behalf Payments													
TPAF Social Security	18-495-034-5094-003	7/1/17-6/30/18	2,212,995		2,102,903	2,212,995		(110,092)			(110,092)	2,212,995	
TPAF Social Security	17-495-034-5094-003	7/1/16-6/30/17	2,208,564	(110,668)	110,668								
TPAF Social Security	15-495-034-5094-003	7/1/14-6/30/15	2,130,405	7,924					\$ 7,924				
TPAF Contributions													
Pension - NCGI Premium	18-495-034-5094-004	7/1/17-6/30/18	4,136,391		4,136,391	4,136,391						4,136,391	
Pension Benefit Contribution	18-495-034-5094-002	7/1/17-6/30/18	100,380		100,380	100,380						100,380	
Long Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	4,875		4,875	4,875						4,875	
Post Retirement Medical Benefit Contribution	18-495-034-5094-001	7/1/17-6/30/18	2,736,440		2,736,440	2,736,440						2,736,440	
Total General Fund				(3,055,697)	36,497,019	36,686,002		(3,252,604)		7,924	(224,352)	36,686,002	
Special Revenue:													
New Jersey Nonpublic Aid:													
Auxiliary Services:													
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	50,848		50,848	41,013				9,835		41,013	
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	48,373	14,522			\$ 14,522						
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	2,981		2,981	1,265				1,716		1,265	
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	8,222	6,669			6,669						
Transportation	18-100-034-5120-068	7/1/17-6/30/18	22,250		22,250					22,250			
Transportation	17-100-034-5120-068	7/1/16-6/30/17	37,636	37,636			37,636						
Home Instruction	17-100-034-5120-067	7/1/16-6/30/17	1,008	(1,008)	1,008								
Total Auxiliary Services (Chapter 192) Cluster				57,819	77,087	42,278	58,827			33,801		42,278	

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2018			Memo	
								(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
Handicapped Services:												
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	\$ 3,610	\$ 3,610			\$ 3,610					
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	12,499		\$ 12,499	\$ 8,749				\$ 3,750		\$ 8,749
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	8,835	1,164			1,164					
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	10,309		10,309	8,953				1,356		8,953
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	9,416	3,870			3,870					
Total Handicapped Services (Chapter 193) Cluster				8,644	22,808	17,702	8,644	-	-	5,106	-	17,702
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	8,217		8,217	7,966				251		7,966
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	8,416	309			\$ 309					
Nursing Services	18-100-034-5120-070	4/1/17-6/30/18	14,550		14,550	10,185				4,365		10,185
Nonpublic Technology	18-100-034-5120-373	7/1/17-6/30/18	5,550		5,550	5,278				272		5,278
Nonpublic Technology	17-100-034-5120-373	7/1/16-6/30/17	3,796	196			196					
Nonpublic Technology	16-100-034-5120-373	7/1/15-6/30/16	3,822									
Nonpublic Security	18-100-034-5120-084	7/1/17-6/30/18	11,250		11,250	9,954				1,296		9,954
Nonpublic Security	17-100-034-5120-084	7/1/16-6/30/17	7,300	305			305					
Total Special Revenue Fund				67,273	139,462	93,363	68,281	-	-	45,091	-	93,363
State Department of Agriculture												
Enterprise Fund:												
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	22,115		20,373	22,115			\$ (1,742)		\$ (1,742)	\$ 22,115
State School Lunch Program	17-100-010-3350-023	7/1/17-6/30/18	23,475	(1,904)	1,904							
Total Food Service Fund				(1,904)	22,277	22,115	-	(1,742)	-	-	(1,742)	22,115
Total State Financial Assistance Subject to Single Audit Determination				(2,990,328)	36,658,758	36,801,480	68,281	(3,254,346)	-	53,015	(226,094)	36,801,480
State Financial Assistance Not Subject to Major Program Determination												
General Fund												
On-Behalf TPAF Pension System Contributions-NCGI	18-495-034-5094-004	7/1/17-6/30/18	4,136,391		(4,136,391)	(4,136,391)						(4,136,391)
On-Behalf TPAF Pension System Contributions- Pension Benefit	18-495-034-5094-002	7/1/17-6/30/18	100,380		(100,380)	(100,380)						(100,380)
On-Behalf TPAF Long Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	4,875		(4,875)	(4,875)						(4,875)
On-Behalf TPAF Post-Retirement Medical Contribution	18-495-034-5094-001	7/1/17-6/30/18	2,736,440		(2,736,440)	(2,736,440)						(2,736,440)
Total State Financial Assistance Subject to Major Program Determination				\$ (2,990,328)	\$ 29,680,672	\$ 29,823,394	\$ 68,281	\$ (3,254,346)	\$ -	\$ 53,015	\$ (226,094)	\$ 29,823,394

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Belleville Township School District. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$142,637 for the general fund and a decrease of \$7,257 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 146,489	\$ 36,543,365	\$ 36,689,854
Special Revenue Fund	2,691,276	78,091	2,769,367
Food Service Fund	1,241,236	22,115	1,263,351
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 4,079,001</u>	<u>\$ 36,643,571</u>	<u>\$ 40,722,572</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District’s fiscal year and grant program years.

NOTE 5 STATE LOAN OUTSTANDING

The District’s state loan outstanding at June 30, 2018, which is not required to be reported on the schedule of expenditures of state financial assistance, is as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>Total</u>
State Aid Advance Loan	100-034-5120-489	<u>\$ 2,913,697</u>

NOTE 6 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$2,212,995 represents the amount reimbursed by the State for the employer’s share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$4,236,771 , TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,736,440 and TPAF Long-Term Disability Insurance in the amount of \$4,875 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District’s financial statements and the amount subject to State single audit and major program determination.

NOTE 8 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section

Internal Control over major programs:

(1) Material weakness(es) identified? yes X no

(2) Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 Part 200 of U.S. Uniform Guidance? X yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>S010A170030</u>	<u>Title I, Part A</u>
<u>84.367A</u>	<u>S367A170029</u>	<u>Title II, Part A</u>
<u>10.553</u>	<u>181NJ304141095</u>	<u>National School Breakfast Program</u>
<u>10.555</u>	<u>181NJ304141099</u>	<u>National School Lunch Program</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

(1) Material weakness(es) identified?

 yes X no

(2) Significant deficiencies identified that are not considered to be material weakness(es)?

 X yes none reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08?

 X yes no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>18-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>18-495-034-5120-096</u>	<u>Under Adequacy Aid</u>
<u>18-495-034-5120-084</u>	<u>Security Aid</u>
<u>18-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>18-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>18-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>18-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>18-495-034-5094-003</u>	<u>TPAF Social Security</u>

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 894,702

Auditee qualified as low-risk auditee?

 X yes no

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 2 – Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

There are none.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2018-001

Our audit of employee salary charges to the Title I and Title II grant programs revealed the following:

- Salaries, including substitutes, charged to the grant programs were not always approved by the Board in the official minutes.
- Title I salaries for certain non-instructional employees were charged to instructional line items.

Federal Program Information:

Title I	84.010A
Title II	84.367A

Criteria or Specific Requirement

Uniform Guidance; Federal Grant Compliance Supplement

Condition:

Amounts charged to salary and wage accounts included salaries which were not approved by Board resolution to be funded by the respective grant program. Certain salaries for non-instructional employees were charged to instructional line items.

Questioned Costs:

None.

Context:

Salaries charged to the Title I grant program were \$415,524. Salaries charged to the Title II grant program were \$18,878.

Effect:

Personnel charged to the Federal grants may not be allowable program charges.

Cause:

Unknown.

Recommendation:

Employee salaries charged to the Title I and Title II grant programs be formally approved by the Board in the official minutes and be charged to the appropriate grant program budget line account.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and indicated it will review and revise its procedures to ensure corrective action is taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2018-002

Our audit of health benefit charges to the Title I grant program revealed that amounts charged were not reflective of premiums or waivers paid, net of employee contributions, for employees whose salaries were charged to the program.

Federal Program Information:

Title I 84.010A

Criteria or Specific Requirement

Uniform Guidance; Federal Grant Compliance Supplement

Condition:

Amounts charged to the Title I grant program for employee health benefits are not in agreement with premiums and waivers paid, net of employee contributions, of Title I funded employees.

Questioned Costs:

None.

Context:

Health benefits charged to the Title I grant program were \$75,150. Benefits were charged monthly based on a district estimated calculation. The estimated calculation does not appear to represent the actual health benefit cost of Title I funded employees.

Effect:

Employee benefits charged to the Federal grant may not be allowable program charges.

Cause:

Unknown.

Recommendation:

Employee benefits charged to the Title I grant program be made in accordance with the net premiums or waivers paid for the respective Title I funded employees.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and indicated it will review and revise its procedures to ensure corrective action is taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
Part 3 – Schedule of Federal and State Award Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2018-003

Our audit of expenditures charged to the Title II grant program revealed the following:

- Certain payments for substitutes charged to the grant program do not appear to be related to teacher absences resulting from attendance at professional development programs.
- Expenditures were noted for certain supplies which do not appear to be allowable Title II grant program costs.

Federal Program Information:

Title II 84.367A

Criteria or Specific Requirement

Uniform Guidance; Federal Grant Compliance Supplement

Condition:

Expenditures for substitute teachers were charged to the Title II grant program. However, in many instances, such expenditures were not related to substitutes for teachers attending professional development programs. In addition, expenditures for certain computer supply costs were not for allowable purposes in accordance with the grant compliance supplement.

Questioned Costs:

None.

Context:

Salaries and wages charged to the Title II grant program were \$18,878. Support services expenditures were \$159,402.

Effect:

Expenditures charged to the Federal grant may not be allowable program charges.

Cause:

Unknown.

Recommendation:

Expenditures charged to the Title II grant program be made only for allowable costs in accordance with grant program compliance requirements.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and indicated it will review and revise its procedures to ensure corrective action is taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2018-004

Our audit of Title I grant expenditures revealed purchases were made in excess of the bid threshold for which no documentation could be provided to support that bids were sought through public advertisement or if contract was awarded through a cooperative purchasing program.

Federal Program Information:

Title I 84.010A

Criteria or Specific Requirement

Uniform Guidance; Federal Grant Compliance Supplement

Condition:

Equipment purchases in excess of the bid threshold were made without documentation to support compliance with Public Schools Contracts Law.

Questioned Costs:

None.

Context:

Expenditures were made for chromebooks (\$160,380), screens (\$156,956) and graphing calculators (\$47,148). Documentation to support the purchases were made through public advertisement for bid or other purchasing method was not able to be provided for audit.

Effect:

Expenditures charged to the Federal grant may not be in compliance with proper procurement procedures.

Cause:

Unknown.

Recommendation:

Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid and quote thresholds are made in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A), and State procurement guidelines.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and indicated it will review and revise its procedures to ensure corrective action is taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2018-005

Our audit of purchases and contract awards in excess of the bid threshold revealed the following as it relates to compliance with the Public School Contracts Law and State procurement guidelines:

- We noted payments were made in excess of the bid threshold for a transportation contract where there was no documentation provided to support that public advertisement for bids were sought. In addition, contract was not approved by Board Resolution.
- A purchase was made through the use of a cooperative purchase agreement which was not approved by the Board in the official minutes. In addition, a purchase was made through the use of a cooperative purchasing agreement in which the vendor was not approved by the Board in the official minutes, only the goods to be provided.
- We noted purchases made through National Purchasing Cooperative agreements were not publically advertised for intent to purchase and documentation was not provided to support verification of bid process or proof of cost savings. In addition, these purchases were not approved in the minutes.
- We noted certain professional service contract awards were not publically advertised after award as required. In addition, several contracts for architectural services related to referendum projects were not approved by the Board in the official minutes.
- We noted instances in which vendor Political Contribution Disclosure Forms (PCDF) were not on file for the current year.

State program information:

Equalization Aid	495-034-5120-078
Under Adequacy Aid	495-034-5120-096
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
Professional Learning Community Aid	495-034-5120-101
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2018-005 (Continued)

Criteria or specific requirement:

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions
NJSA 18A:18A – Public School Contracts Law

Condition:

Purchases of various goods and services were made which were not in accordance with the procedures specified in the Public School Contracts Law.

Questioned Costs:

Unknown.

Context:

- Payments were made in in the amount of \$41,000 for a transportation contract where there was no documentation provided to support that public advertisement for bids were sought. In addition, contract was not approved by Board Resolution.
- Payment in the amount of \$190,000 for a vehicle purchase was made through the use of a cooperative purchase agreement which was not approved by the Board in the official minutes.
- Payments were made in the amount of \$84,000 for janitorial services and supplies through the use of a cooperative purchasing agreement in which the vendor was not approved by the Board in the official minutes, only the goods to be provided.
- Purchases in the amount of \$155,000 made through National Purchasing Cooperative agreements were not publically advertised for intent to purchase. In addition, documentation was not provided to support verification of bid process or proof of cost savings.
- Professional service contract awards for architectural and legal services were not publically advertised after award as required.
- Several contracts for architectural services related to referendum projects were not approved by the Board in the official minutes. Total payments made on these contracts were \$2,189,610.
- 2 instances in which vendor Political Contribution Disclosure Forms (PCDF) were not on file for the current year.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2018-005 (Continued)

Effect:

Noncompliance with requirements of the Public School Contracts Law.

Cause:

Unknown.

Recommendation:

Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are made in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A) and State procurement guidelines.

Views of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB’s Circular 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2018-006

Our audit revealed expenditures for employee travel reimbursements were not always supported by the required post travel report, reflecting the purpose and relevance of the employee travel. In addition, travel events and attendees were not always approved in the official minutes.

State program information:

Equalization Aid	495-034-5120-078
Under Adequacy Aid	495-034-5120-096
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
Professional Learning Community Aid	495-034-5120-101
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097

Criteria or specific requirement:

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions
NJSA 23A, fiscal accountability regulations

Condition:

Post travel reports were not on file to support purpose and relevance of event. In addition, such travel events and attendees were not always approved by Board resolution.

Questioned Costs:

Unknown.

Context:

2 instances were noted where a travel event and employees attending were not approved in the minutes by Board resolution and post-travel reports reflecting the purpose and relevance of the related travel was not maintained.

Effect:

Noncompliance with State Fiscal Accountability Regulations.

Cause:

Unknown.

Recommendation:

Reimbursements for employee travel expenses be supported by a post travel purpose and relevance report and travel events and attendees be approved in the official District minutes.

Views of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2017-001

Condition

Our review of the June 2017 Board Secretary's and Treasurer's reports revealed they were not in agreement when approved by the Board.

Current Status

Corrective action was taken.

Finding 2017-002

Condition

Our audit of the NCLB Title I grant program revealed expenditures for equipment were not charged to the proper budget line account.

Current Status

Corrective action was taken.

Finding 2017-003

Condition

We noted the salaries charged to the IDEA Preschool grant program were not charged by pay period. The salary amount charged was made through a one-time redistribution of salaries previously recorded to budget account child study team – salaries of other professional staff.

Current Status

Corrective action was taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2017-004

Condition

Purchases of various goods and services were made which were not in accordance with the procedures specified in the Public School Contracts Law.

Current Status

See Findings 2018-004 and 2018-005

Finding 2017-005

Condition

Our audit of T.P.A.F. FICA reimbursements revealed the salaries used to determine the amount reimbursed by the State for FICA included certain non-pensionable compensation.

Current Status

Corrective action was taken.